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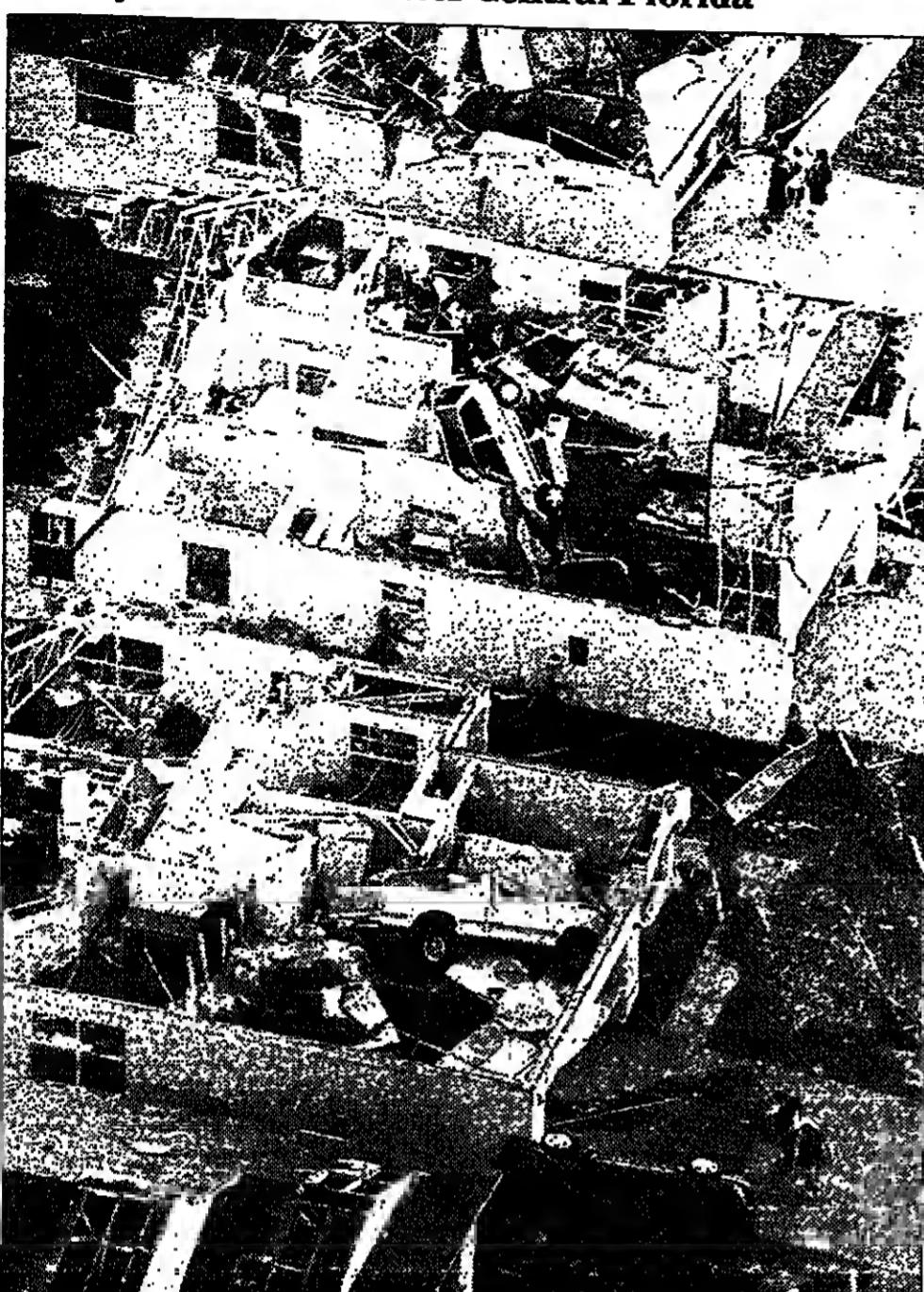
London, Tuesday, February 24, 1998

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TODAY:
LONDON EDITION P. 28-29

Clinton to Give Iraqi Accord a Chance to Work

Deadly Tornadoes Batter Central Florida



Residents returning to what remained of their homes near Kissimmee, Florida, in the wake of a tornado, one of many that hit the state on Monday and killed dozens. Page 7.

President Sees 'Big If' on Compliance With Annan Plan

By Brian Knowlton

International Herald Tribune

WASHINGTON — President Bill Clinton announced Monday that he would give a UN-brokered agreement with Iraq a chance to work, averting U.S. military strikes that had appeared perhaps only days away.

But Mr. Clinton, speaking at the White House, emphasized that there would be no pullback of the growing U.S. military presence in the Gulf region and that any failure by President Saddam Hussein of Iraq to uphold the agreement could lead to a powerful attack.

"If fully implemented, and that is the big if, this will allow Unscom to fulfill its mission," said Mr. Clinton, referring to United Nations weapons inspectors.

But he added in a direct warning to Mr. Saddam, "If Iraq fails to comply and to allow

immediate access, there will be serious consequences this time."

"The government of Iraq," he said, "has made a written commitment to provide immediate, unrestricted, unconditional access to Unscom weapons inspectors to all suspect

weapons sites," fulfilling the fundamental U.S. demand. He said Unscom, the UN Special Commission, would repeatedly "test and verify" to ensure Iraq was complying.

The president said that Iraq had agreed in writing to open all suspect sites in the country — not just the sensitive "presidential sites" that Iraq had declared off-limits in January — to unrestricted inspections by UN weapons experts.

He also confirmed that those inspection teams would be accompanied, in their visits to sensitive sites, by senior diplomats from the five permanent member-countries represented on the UN Security Council. Those diplomats, who will be appointed by Mr. Annan, will be allowed to make repeat visits with no deadlines to complete their work, he said.

The president said the agreement represented the first time since the end of the Gulf War in 1991 that Iraq had agreed in writing to open every site in the country to UN inspectors' scrutiny.

Mr. Annan, stopping over in Paris on Monday night on his way back to New York, said the accord that he had signed with Iraqi authorities was sound.

Mr. Annan told French television that Mr.

See IRAQ, Page 10

Annan's Candor Makes His Iraqi Hosts Wince

By Barbara Crossette

New York Times Service

BAGHDAD — The ink was barely dry Monday on Iraq's agreement with the United Nations when the two men who signed it were already back on the barricades of the next crisis.

Facing the largest battery of television cameras and the biggest corps of newspaper and radio journalists that have probably ever assembled in this normally closed country, Deputy Prime Minister Tariq Aziz of Iraq and Secretary-General Kofi Annan had no time to celebrate. They were inundated with questions about what was left unanswered by their accord and whether it could be sold to the United States.

The details of their agreement will be revealed to the Security Council on Tuesday, when Mr. Annan returns to New York. The sense here is that Iraq will be as quick to exploit loopholes as the United States will be to expose weaknesses.

But it was evident Monday in Mr. Aziz's testy responses to reporters' questions at a news conference following the signing that Iraq had backed away perhaps more than it intended under the deceptively low-keyed pressure of Mr. Annan, who took control of the news conference from its opening minutes and left the usually ebullient and articulate Mr. Aziz largely on the sidelines.

The presence of Mr. Annan in Baghdad was extremely significant to the Iraqis.

President Saddam Hussein has tried for years to break out of Security Council control and the lockhold that the UN Special Commission, known as Unscom, has on Iraq's relations with the rest of the world because it has the power to recommend the lifting of sanctions. Mr. Aziz made the subtle point in the news briefing that, in Baghdad's view, Mr. Annan "was the United Nations."

Mr. Annan sensed in several questions that reporters were expecting him to be back the next time around, now that the pattern of his high-level involvement has been established. He deflected the questions by saying that if the new agreement held, new confrontations would



Mr. Annan, left, and Mr. Aziz juggling questions in Baghdad on Monday.

No Clear Outcome Over Iraq

Saddam Yields, but Could Gain From Western Disunity

By Joseph Fitchett

International Herald Tribune

PARIS — In many ways, it was a model of gunboat diplomacy: The United States deployed an armada, concerned nations cajoled the recalcitrant Iraqis, and Baghdad backed down on UN arms inspections.

In other ways,

skilled negotiators demonstrated the scope of peaceful diplomacy. The deal brokered by the UN secretary-general, Kofi Annan — if approved by the Security Council — obtained Iraqi compliance, the result officially sought by all sides.

But the outcome did not feel as comfortably clear-cut or as cathartic as that.

Western and Arab diplomats said Monday

that the process seemed to have opened a gap between the United States and Britain as proponents of force, and other countries, notably France and Russia, that stressed the need of

avoiding military action at almost any cost. This good cop-bad cop approach proved to be a formula for success in this crisis, the diplomats said. But they warned that divergences in emphasis might turn into a flaw that

NEWS ANALYSIS

the Iraqi regime could exploit when Washington seeks to rally continuing international efforts to contain Saddam Hussein.

Western governments did achieve their technical objective: getting Saddam Hussein to let the United Nations destroy or account for all his weapons of mass destruction.

From the U.S. viewpoint, the outcome seems to guarantee the completion of the UN inspections designed to provide as much information as possible about what Iraq had accomplished —

See DIPLOMACY, Page 10

AGENDA

Netanyahu Wants Talks With Arafat

JERUSALEM (AFP) — Prime Minister Benjamin Netanyahu of Israel called Monday for intense face-to-face talks with the Palestinian leader, Yasser Arafat, to broker a definitive peace agreement.

Mr. Netanyahu said, "We should sit down together, Mr. Arafat and myself, in the presence of the Americans, for example at Camp David in the United States, to solve the problem and reach an historic accord."

The Dollar

	Monday	4 P.M.	previous close
DM	1.796	1.8213	
Pound	1.647	1.638	
Yen	127.90	127.955	
FF	6.0185	6.118	
The Dow			
	Monday close	previous close	
-3.74	8410.20	8413.94	
S & P 500			
change	Monday 4 P.M.	previous close	
+3.93	1038.14	1034.21	

PAGE TWO

Contradictions in Cuba

THE AMERICAS Page 3.
Deconstructing Paula Jones

Books Page 11.
Crossword Page 11.
Opinion Pages 8-9.
Sports Pages 20-21.

The IHT on-line www.iht.com

Silicon Valley Wants Immigrants

U.S. Ponders Higher Quotas for Foreign Computer Scientists

By Robert Pear
New York Times Service

65,000 skilled foreign workers each year. The workers receive visas, known as H-1B visas, that last up to six years.

In 1997, for the first time, the government issued the maximum number of such visas, and it expects to reach the limit again in May or June, several months before the end of the current fiscal year.

High-technology companies, which depend on foreign workers for essential services, have been lobbying the administration to support an increase in the annual limits. They say there is an urgent need for Congress to act this year, and some lawmakers are eager to do so.

The initial public response from the administration is extremely divisive. President Bill Clinton and Vice President Al Gore want to placate friends in Silicon Valley, the computer center in northern California, who say there is a critical shortage of technology workers, but they risk offending organized labor.

Under current law, employers can bring in up to

See JOBS, Page 10

Praise for Pact, and Relief

- The European allies, led by France, hailed the pact as ending the crisis. Page 10.
- The people of Baghdad were staying cool, seemingly taking it all in stride. Page 10.



Human rights campaigners demonstrating in Jakarta on Monday.

Suharto's Grip on Power Looks Unbreakable

By Keith B. Richburg
Washington Post Service

JAKARTA — Indonesia, the world's fourth-most populous country, is sliding steadily toward an economic and social breakdown.

There are outbreaks of rioting and looting daily in towns and villages on Java and Sumatra. Members of the country's ethnic Chinese minority, whose shops have been the main targets of rioters, live in fear. A drought has left food in short supply. Unemployment is mounting. Factories no longer function. People do not even bother paying their electricity bills.

The fate of 200 million people — as well as many of Asia's financial markets — depends solely on the whims and reactions of one man: President Suharto.

After 32 years in power, Mr. Suharto

remains an enigma not only to the outside world, but also to his own people. He is rarely interviewed, and when he speaks in public, the former general is given to cryptic comments that analysis spend weeks trying to decipher.

Paradoxically, while Mr. Suharto is facing the gravest challenge ever to his hold on the country, he is also at the peak of his power. Next month he is to be appointed to a seventh five-year term by an assembly picked largely by him. Democracy backers have been marginalized.

The military, the only force capable of removing Mr. Suharto, is more firmly under his sway than ever.

Even his critics — now more brazen than ever in calling for him to step down — concede they can think of no credible alternative.

See SUHARTO, Page 7

Seoul Welcomes the New, Jakarta Sticks With the Familiar

Kim Proclaims His Vision of Democracy

By Nicholas D. Kristof
New York Times Service

SEOUL — His head shaved, his taut body dressed in a prison uniform, Kim Dae Jung lay huddled under a blanket in his freezing cell, shivering uncontrollably and despairing that he had wrecked the lives of his wife and three sons.

Sentenced to the gallows for leading the fight against South Korea's military dictatorship, he had felt his Roman Catholic faith wavering as he faced his own death, and he upbraided himself for his doubts and for what he felt was his lack of courage. As he lay in his cell that night, he tried to pray, but instead, he recalled, he broke down and began to cry, great tears trickling down his icy cheeks.

That was just 17 years ago, and the distance that Mr. Kim and South Korea have traveled since his heart broke on that desolate night will be marked Wednesday when he is inaugurated as

Careful, Cell-Phone Firms Can Tell Where You've Been

By Peter Wayner
New York Times Service

NEW YORK — Cellular telephones, long associated with unfeathered freedom, are becoming silent leashes as telephone companies around the world have begun installing equipment that will allow them — or police, ambulance dispatchers, worried parents or jealous spouses — to precisely track the location of callers.

In many cases, the new technology is being defended as a protective measure for people making emergency calls. But the ability that this technology offers for law-

enforcement officials, or just inquisitive individuals, to monitor a caller's position and movements in detail — even months after the call was made — is drawing fire from privacy advocates and civil libertarians.

"The question is whether the telephone system is being built for communication or surveillance," said David Banisar, a staff attorney for the Electronic Privacy Information Center, a U.S. advocacy group. At the moment, it appears to be evolving into a tool for both.

The most public use of cellular positioning information was unveiled this month by Nippon Telegraph & Telephone Corp., a system that reports the position of

a mobile phone by faxing a map of its location to the person requesting the information. The company said the service was intended primarily for parents checking on their children. To protect the privacy of callers, the person asking for the location of a cell phone must know the caller's personal identification number.

In December, a Swiss newspaper reported that the country's police force could recover a mobile telephone user's position for any call made in the previous six months.

See TETHER, Page 10



Contradictions in Cuba / Parents vs. the State

Dissonant Songs for the Children of Revolution

By Mirta Ojito
New York Times Service

HAVANA — More than eight years after the Cold War melted in the rubble of the Berlin Wall, the children of Cuba continue to dive under desks in schools all over the island.

The drills serve to reinforce the most pervasive ideological lesson in Cuba's schools: The United States is evil and Cubans must always be ready to defend themselves.

That old message, fashioned after the Bay of Pigs invasion and the missile crisis in the early 1960s, is fed constantly to children here even when there are no tensions between the United States and any other country.

But it is an especially poignant message today, when most families in Cuba have relatives in the United States and when, faced with enormous economic difficulties, the Cuban government has allowed dollars to circulate freely on the island.

Nowadays, when children come home from the war drills, they slip on shoes bought with dollars sent by their grandparents in Miami or, in some cases, they work odd jobs catering to American tourists to earn dollars themselves.

In the mornings, William Jose Diaz, a 12-year-old Pioneer who is in eighth grade, swears to defend the Cuban flag against "los Americanos." In the evenings, he rushes to open the doors of tourists' cars. He works outside Paine de Paris, an expensive吃ery in Vedado.

Most nights, he makes at least \$2. When someone handed him \$1 recently, the boy rushed home to buy bananas for dinner.

Years ago, it was easier for parents to keep their children blissfully unaware of both their true political feelings and the hardships they went through. But now, with the country's economy in chaos, even young children know that once they turn 7 they lose the right to buy milk.

They know that the government issues only two school uniforms during elementary school — one in kindergarten and the other in fifth grade. And that they are no longer able to buy toys because the government did away with the yearly ritual of selling toys to children on the 26th of July, the anniversary of the be-



Philippe Hervieux/The New York Times

Children hear one message in school and another, radically different, at home. Their teachers preach hostility to America; many of their parents want to go there.

ginning of Fidel Castro's armed uprising in 1953.

The contradictions of their young lives — bearing one message in school and another, radically different, at home — confuse some children. Their teachers want them to fight the Americans; their parents want to join them or, at least, to get some of their dollars.

"Mom," a 7-year-old girl recently asked her mother, "if William Clinton is so bad, why do we want to go live with him?"

TRUSTING their children and thinking them ready to absorb contrasting messages, many parents openly discuss their beliefs in front of them and even mock the revolutionary slogans and songs the children bring home. But they ask their children to keep what is said inside the home to themselves.

Some parents fear that their children will be ostracized if their teachers know they live in a non-revolutionary home. Parents who make a living in what the government considers illegal activities — robbing a room or selling cigars without a license — also fear that, if their children talk, the

government may confiscate their goods, fine them or, in some cases, jail them.

The burden of living in two distinct realities affects some children in psychological and physical ways. Teresita, a 14-year-old ninth grader who lives in Old Havana, said she had never told her best friend that her parents desperately wanted to leave the country.

She also has never told anyone that, when the doors are locked, her mother rants against Mr. Castro, blaming his government for the scarcities in their home. Two months ago, Teresita began to shed the hairs of her arms and legs. The doctors told her that she lacked some essential vitamins in her diet; the mother believed the ailment to be a result of stress.

A 52-year-old writer who wanted to be identified only by his first name, Angel, cannot stand a song praising the revolution that his 9-year-old daughter has been singing lately. He tells her to stop, and his daughter obeys. The mother, worried about her daughter, intercedes.

"You want your children to be a full member of the family, to know how you feel about everything," said the mother, a

member of the Communist Party who long ago grew disenchanted with the revolution but outside the home pretends to be as enthusiastic as ever. "But I worry sometimes how all this is going to affect her and how much contradiction she can really absorb in her young mind."

Yet the girl's mother, in a fit of anger, recently ripped to pieces her red Communist Party ID and threw it out the window. It was her daughter who ran three flights downstairs in a panic to retrieve the picture from the sidewalk so that no one would ever know what her mother had done.

While Angel helps his daughter with her homework, he systematically deconstructs everything she has been taught at school. She is now learning about Jose Marti, a 19th-century patriot who fought to free Cuba from Spanish colonialism. In Cuba today, Mr. Marti is also regarded as the intellectual precursor of the revolution. Angel tells his daughter that Mr. Marti would never have supported Mr. Castro's government. The little girl giggles and rolls her eyes.

But there is very little that parents can do to shape their children's education. In a country with

no private schools and compulsory education until ninth grade, parents are forced to send their children to state-run schools. They also have no say about the curriculum and, more and more these days, very little about their children's extracurricular activities.

Some parents try to exert control by taking their children late to school to avoid the morning ritual where students salute the flag, sing the national anthem and repeat revolutionary slogans. Others are turning to religion, hoping that lessons in catechism will open their children's minds to other points of view.

During his five-day visit to Cuba in January, Pope John Paul II referred to Cuba's youth in two of the four Masses he celebrated. At the first, in Santa Clara, some parents nodded in silence when the Pope said, "Parents must be acknowledged as the first and foremost educators of their children."

BUT IT IS difficult for parents to heed the Pope's words. Elementary school children go to school here from 8 A.M. to 4:20 P.M. On Saturdays, they often return to school for sports or political events. Sometimes they sleep over in the school to await so-called Domingos de Defensa, Sundays of Defense, days in which the children practice what it is like to be under attack and receive their lessons in a bunker.

Marta Perez Herrera, deputy director of Pepino Tey, an elementary school in Old Havana, said that, beginning in third grade, children are trained by members of the Revolutionary Armed Forces, who teach them everything from patriotic symbols to military moves. At a recent practice session in a park, uniformed men were training young children to march as one.

While the children marched, a 16-year-old girl in tight pink shorts stood on a corner a few blocks away eyeing foreigners. The girl, Yanel Noa, said she dropped out of school because she did not want to work in the fields, a requirement for all students in high school.

Had she continued in school, she would have become a dancer, she said. For now, she lives off the charity of a special friend: a 32-year-old married American man who often travels to Cuba loaded with cash.

Mr. Laobscher, explaining his defense, had broken that deal by subpoenaing him.

Walking slowly with a cane, Mr. Botha, who underwent a hip replacement last year, greeted reporters upon his arrival at the courthouse in George, located near his hometown of Windhoek.

About 100 African National Congress demonstrators marched and sang hymns before the commission was convened. They were kept about 300 feet (100 meters) away from the courthouse by barricades of razor wire police had set up around the building overnight.

Mr. Botha says the commission is conducting a witch-hunt against Afrikans, the Dutch-descended white settlers who dominated apartheid-era governments.

Mr. Botha, who was ousted as president by F. W. de Klerk in 1989, ruled the country through the most violent years of the anti-apartheid struggle.

The accused pleads that the commission was prejudiced. Mr. Laobscher told Judge Victor Laguaj, who is black. "The commission acted in bad faith, with an ulterior motive and manifestly unjust."

Judge Laguaj postponed the trial date until April 14.

Mr. Botha, 82, is accused of ignoring three subpoenas to appear before the commission, which was set up in 1995 to investigate human rights abuses committed by all sides during the apartheid era. If convicted, he could be sentenced to two years in prison and ordered to pay a fine.

Mr. Botha's lawyer contended that the commission chairman, Archbishop Desmond Tutu, agreed in

November 1996 that Mr. Botha could avoid appearing before the commission if he submitted written answers.

Mr. Botha's lawyers had also told the Truth Commission that he had reigned on its promises to Mr. Botha, who ruled white South Africa for 11 years.

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THE AMERICAS

The Deconstruction of Paula Jones: Clinton Lawyers Take a Gamble

By Peter Baker and Lorraine Adams
Washington Post Service

WASHINGTON — Piece by piece, President Bill Clinton's top-dollar legal team at Skadden, Arps, Slate, Meagher & Florn has taken apart the life of Paula Jones.

It has examined topics from her job history to her possible sex partners.

It turned up a check she bounced when reimbursing the Arkansas government for personal calls made on state phones, and found previous employers who fired her for tardiness or other reasons. They scoured personnel records and discovered she typed only 24 words a minute and scored 121 out of 174 on an Arkansas state clerical examination.

Venturing into more salacious territory, they interviewed as many as a half-dozen men who claimed to have had sex with her, say people close to the case.

Now that the lawyers essentially have finished gathering evidence and made the final pretrial effort to get Mrs. Jones's sexual harassment

lawsuit thrown out, a picture has emerged of the president's defense team and where it is headed.

The Clinton legal squad is following an aggressive and political risky strategy centered on Mrs. Jones herself.

After all the attention focused on a president linked by fact or rumor to a host of women — most recently and most perilously Monica Lewinsky — Mr. Clinton's lawyers hope to turn the spotlight with blinding intensity on the life of his most persistent accuser.

"Does her story make sense?" asked Mitchell Ettinger, an attorney for the president. "It has always been our position to point out why it doesn't make sense. No one's going to argue they weren't in a room together. And you don't have to call her a complete liar. But everything she's said — about her injuries to her job, her reasons to this, her reasons for filing suit — it's not going to add up."

The tactics have not been well received in Dallas, where Mrs. Jones's attorneys are based. They bristle at the testimony sought from pur-

ported former lovers, saying that even if true it has nothing to do with being accosted by Mr. Clinton. The president's camp has stopped at little "to try to slime our client," said David Pyke, one of Mrs. Jones's lawyers. Despite their public statements, they have not taken the high road."

The cornerstone of the defense is that Mrs. Jones has not shown that then-Governor Clinton or anyone else in the Arkansas government penalized a \$4,93-an-hour clerk for rebuffing a sexual advance in a hotel on May 8, 1991.

Even if he did lure her to a suite, expose himself and ask for sex — as she has charged and he has denied — at worst the encounter was a single boorish pass that was turned down with no adverse workplace consequence, this argument goes.

Personnel records and affidavits filed last week along with Mr. Clinton's motion for summary judgment indicated that Mrs. Jones received satisfactory job reviews and pay raises totaling 25 percent over two years. Supervisors testified that they were unaware of the encounter with Mr. Clinton and were never ordered to punish her.

"Every person who ever dealt with her, worked with her, supervised or otherwise — no one ever heard of this incident, of her meeting with the governor, or that any job action should be taken against her," Mr. Ettinger said. "You've got to show that there's job detriment, or some appreciable effects on her job. She got every merit raise available to her and she got the full amount."

Mrs. Jones maintains that others got more money and that she was moved to a dead-end assignment after returning from maternity leave. Even if there were no direct retribution, her lawyers argue, the alleged encounter itself constituted sexual harassment under court rulings that hold that a single incident is enough to win a case if especially severe.

Thus, it was significant that in her November deposition, made public last week, Mrs. Jones added new allegations that subtly make the incident sound more offensive. She said that while warning her to keep quiet, Mr. Clinton momentarily blocked the door when she tried to leave, that he tried to kiss her twice instead of just

nuzzling her neck and that he tried to grope her crotch rather than just caress her thigh.

Mr. Clinton's team may attack those variations to undermine her credibility if the case goes to trial as scheduled on May 27.

Last June, after complaints from feminists and other critics, Robert Bennett, lead attorney of the Clinton team, disavowed reports that he was planning to investigate Mrs. Jones's past. But the inquiry did not stop.

His team collected the information and passed it along to the lawyer who is representing a co-defendant, Danny Ferguson, the Arkansas state trooper who escorted Mrs. Jones to meet Mr. Clinton. Since Mr. Ferguson had none of Mr. Clinton's political worries about using a woman's sex life against her, his case became the vehicle for that avenue of attack.

To undercut that strategy, Mrs. Jones's lawyers dropped a defamation count against Mr. Ferguson — if she no longer claimed that her reputation was harmed, they reasoned, her past would no longer be relevant in court. But the other side is still looking for ways to introduce its evidence.

Clinton Likely To Testify in Lewinsky Case, Lawyers Say

The ball season belongs to everyone, not just the rich.

Los Angeles Times Service

WASHINGTON — The focus of attention recently has been on when Monica Lewinsky will be called to testify before the grand jury. But the more intriguing question is whether or when President Bill Clinton will be called.

Many lawyers here predict Mr. Clinton will be asked to answer questions under oath, and sooner than most expect. The outcome of the inquiry may turn on whether the president gives a plausible explanation for a set of circumstances that look suspicious.

So far, a strategy of silence has worked well for the White House, better than the president's advisers had expected.

But the independent counsel Kenneth Starr may soon upset that strategy.

"Absolutely. I bet they ask him to testify. That's the way they are heading," said a lawyer who has represented prominent Democrats. "I think it will happen within a few weeks, and Clinton has no real legal grounds to refuse" to appear merely because he is president.

Another lawyer who is close to Mr. Starr said that seeking Mr. Clinton's answers to questions under oath "is the logical outcome," adding: "There is plenty of precedent for it, including in this investigation."

Advisees to Mr. Clinton have been discussing among themselves how to respond if Mr. Starr seeks the president's testimony in the Lewinsky matter.

"Some people think the attacks on Starr were to lay the predicate so that the president can turn him down," said a senior adviser, adding that he did not believe that would work. "At some point he has to say something. I think it's very hard not to testify," he said.

But another former administration lawyer said that he believed the president would avoid testifying at all cost. "I think he will say no and stonewall," he said.



Joseph diGenova complaining on NBC TV that he is being investigated.

White House Denies Probes of Prosecutors

WASHINGTON — The White House says it has not authorized private investigators to "dig up dirt" on prosecutors, investigators or reporters looking into the Monica Lewinsky case, dispelling allegations raised on national television by a prominent Republican lawyer.

Joseph diGenova, a former federal prosecutor now working for House Republicans, said he was told that he and his wife, Victoria Toensing, an attorney, "were being investigated by a private investigator with links to the White House." Mr. diGenova, who has played a peripheral role in the Lewinsky investigation, offered no evidence, attributing his charge to tips from reporters.

He said on NBC that, "If the White House is condoning the investigation of private citizens, looking into their lives," then "that is truly a frightening development."

The White House fired back hours later, berating Mr. diGenova for repeating what it called "flat-out lies."

"No one at the White House, or anyone acting on behalf of the White House, or any of President Clinton's private attorneys has hired or authorized any private investigator to look into the background of Mr. diGenova, Ms. Toensing, investigators, prosecutors or reporters," said Michael McCurry, the White House press secretary. (WP)

Riadys Reject Link To Chinese Agency

LOS ANGELES — The father-son owners of an Indonesian conglomerate accused of illegally channeling foreign money to President Clinton's re-election campaign denied a report they had a long-term relationship with a Chinese intelligence agency, the Los Angeles Times reported Monday.

In a statement released to the newspaper, Mincbar and James Riady denied assertions that their Indonesia-based Lippo Group has links with a Chinese intelligence agency.

"Not wishing to entangle ourselves in American national issues and debates, we have remained silent," they said. "However, recent reports appear-

ing in the United States press are so false and malicious, we must break our silence."

"Our business ventures with our international partners are commercial in nature and do not involve the gathering of classified information or other intelligence operations."

The Washington Post reported Feb. 10 that the Riadys "have had a long-term relationship with a Chinese intelligence agency." The report said that relationship appeared to be based on business interests to obtain Chinese assistance in international business opportunities "in exchange for large sums of money and other help." (AP)

Quote/Unquote

SENATOR ROBERT BYRD, Democrat of West Virginia, a master of bringing pork-barrel projects home and a champion of putting more money in the highway construction pot for everyone: "When 42,000 people are dying on the highways every year and we're told that 30 percent of those deaths are caused by poor road conditions and poor design, then, yes, I'm one of those saying put highways first." (WP)

High Court Upholds Sex Offender Law

Reuters

WASHINGTON — The Supreme Court let stand on Monday the nation's first "Megan's Law," which requires those convicted of sex offenses before Oct. 31, 1994 to register with local authorities.

The law was enacted after the abduction, rape and murder of seven-year-old Megan Kanka in 1994. The man who confessed to her murder lived across the street from the Kankas in Trenton, New Jersey. He had been convicted twice of sexual offenses targeting young girls and he shared his house with two men who had also been convicted of sexual crimes.

Neither the police nor the Kankas were aware of the man's history.

The petitioners argued that the New Jersey law violated both the Double Jeopardy and Ex Post Facto clauses of the Constitution.

Sex offenders challenged the community notification provision of New Jersey's Megan's Law, which requires those convicted of sex offenses before Oct. 31, 1994 to register with local authorities.

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The petitioners argued that the New Jersey law violated both the Double

Jeopardy and Ex Post Facto clauses of the Constitution.

The Double Jeopardy clause prohibits double punishment for the same crime and Ex Post Facto prohibits laws that change and inflict a greater punishment.

Among the petitioners' arguments was that the law was wrongfully retroactive by forcing those convicted before the law was passed to register with authorities.

Under Megan's Law, the prosecutor of the county where the registrant lives must evaluate private, detailed information provided by the offender to determine whether he or she poses a low, moderate or high risk of a re-offense. The prosecutor must also determine the appropriate scope of community notification.

Away From Politics

• State-of-the-art parking meters are replacing old and damaged ones in central Washington as the nation's capital seeks to recover lost revenue — and bolster its battered image. Only 7,000 of the city's almost 16,000 parking meters work. Many have been vandalized, causing a decline in parking revenues: from \$1 million a month in 1995 to \$260,000 a month in October. (NYT)

• A 57-year-old New York cab driver fought back against a gunman who sought to hold him up in his taxi in Brooklyn. Despite being shot three times during the struggle, the driver managed to disarm his assailant. When the police arrived at the scene, they found the driver training the .38-caliber revolver on the suspect. (NYT)

Abraham Ribicoff, Kennedy Ally, Dies at 87

New York Times Service

NEW YORK — Abraham Ribicoff, 87, the powerful and popular governor of Connecticut, congressman and U.S. senator and secretary of health, education and welfare under President John F. Kennedy, died here Sunday of heart failure. He had been suffering from Alzheimer's disease.

Mr. Ribicoff, who spent nearly half a century in public service before retiring in 1981, was one of the best vote getters in Connecticut history. He had been a close Kennedy friend and political ally since 1948, when both were young congressmen.

Early on, he visualized Mr. Kennedy as a formidable national figure and worked hard to see that he achieved the presidency. He nominated Mr. Kennedy for vice president in 1956; he was the convention floor manager for his successful race for the presidential nomination in 1960, and he was the first man named to the Kennedy cabinet.

Mr. Ribicoff resigned as governor to become secretary of the Department of Health, Education and Welfare.

Sixteen months later, he returned to Connecticut and successfully ran for the Senate in 1962. He remained a liberal stalwart in the chamber for 18 years.

In 1968, Mr. Ribicoff made a memorable appearance at the Democratic National Convention in Chicago, which was being buffeted by demonstrations against America's continued involvement in the war in Vietnam. When it came his turn to nominate Senator George McGovern, Mr. Ribicoff looked directly at Mayor Richard Daley of Chicago and said, "With George McGovern as president of the United States, we wouldn't have these Gestapo tactics in the streets of Chicago."

He served in the Senate for three terms. During his tenure, he supported President Lyndon B. Johnson's continuation of the war in Vietnam, but finally broke with Mr. Johnson late in the decade.

H. GARDNER ACKLEY, ECONOMIC ADVISER

WASHINGTON (WP) — H. Gardner Ackley, 82, a principal adviser on economic policy to Presidents John Kennedy and Lyndon Johnson, died Feb. 12 in Ann Arbor, Michigan. He had Alzheimer's disease.

Mr. Ackley, who had a long career at the University of Michigan, where he was chairman of the economics department, was called frequently to Washington. An apostle of the New Economics, he was a member of the Council of Economic Advisers under President Kennedy and chairman of the council under President Johnson.

Early in 1969, Mr. Johnson named Mr. Ackley as his ambassador to Italy. Mr. Ackley resigned after several months to return to the University of Michigan, from which he retired in 1984.

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ASIA/PACIFIC

Seoul's Leader Picks Ex-Foe To Become Prime Minister

Compiled by Our Staff From Dispatches

SEOUL — President-elect Kim Dae Jung named as his prime minister Monday the former head of an intelligence agency that he believes once tried to kill him.

The president-elect also named a human rights lawyer, Han Seung Hun, as the chief government inspector responsible for rooting out official corruption.

Appointed prime minister was Kim Jong Pil, founder of the Korea Central Intelligence Agency, the chief tool used by military dictators to stifle dissent.

The president-elect allied himself with Kim Jong Pil and his relatively small conservative opposition party last year in his campaign to win the presidential election in December.

However, the majority party, the Grand National Party, has vowed to defeat ratification of Kim Jong Pil's appointment when Parliament votes on it Wednesday, the day of the president-elect's inauguration.

Leaders of the majority party contend that the prime minister designate lacks the background and ability to help deal with the nation's financial crisis.

The majority controls 161 seats in the 299-member unicameral General Assembly.

Kim Jong Pil, 72, a retired army officer, was a key member of a military coup in 1961 that put General Park Chung Hee in power. He created the Korea Central Intelligence Agency and served as its chief for several years.

In 1971, Kim Dae Jung ran for the presidency and almost beat General Park, sending shock waves through ruling circles that regarded Mr. Kim as a dangerous dissident.

While in Japan in self-imposed exile in 1973, Mr. Kim was kidnapped by government agents. Thwarted in the act of trying to drown Mr. Kim, the agents



Kim Jong Pil, named Monday to be South Korea's new prime minister.

Released him several days later.

In another development Monday, the prosecutor general's office cleared the president-elect of allegations of wrongdoing after its investigation into the majority party's charge that he took bribes from businesses and stashed millions of dollars worth of slush funds in illegal accounts.

After interviewing more than 250 government and party officials and lawmakers, the prosecution announced that Mr. Kim received 3.9 billion won (\$2.37 million) from five firms as political contributions with no strings attached to the funds.

The senior prosecutor, Park Soon Yong, dismissed assertions made during the campaign period that Mr. Kim had slush funds of 100 billion won in 700 bank accounts.

It said that most accounts had no links to Mr. Kim and that 87 accounts containing 4.77 billion won in political funds were managed by his wife's nephew.

(AP, Reuters)

KIM: As Asia Groeps for Answers, South Korea's New Leader Believes He Has Them

Continued from Page 1

ing an hourlong interview in his office. "This is my ambition."

To fulfill enormous expectations, Mr. Kim will have to deal with three overarching challenges in the coming years: reviving the South Korean economy, easing the threat of war with North Korea and nurturing democratic institutions and a civil society.

These will be tremendously difficult tasks.

Kim Dae Jung's vision is deeply threatening to the entrenched order in much of Asia and much of the developing world. He contends that the solution to Asia's economic crisis is more democracy, greater openness and freer markets, and he argues that the crisis arose because of political weaknesses.

"In every country in Asia, including Korea, the major reason for failure was lack of democracy," he said. Democracy, he added, was the best way to uproot collusive relations between government officials and business tycoons, while ensuring that companies thrive on the basis of excellence rather than connections.

Mr. Kim is a firm critic of the "Asian values" theory, which holds that a measure of authoritarianism is the best way to nurture economic growth. "Democracy has to go hand in hand with economic growth," he declared.

That kind of language produces pained expressions from officials in such places as China or Indonesia.

"He is really going to change the whole profile of Asian leadership," predicted Donald Gregg, former U.S. ambassador to South Korea and now chairman of the Korea Society in New

York. "I think he's going to do a fabulous job."

Kim Dae Jung will face some special challenges, for he has endless experience as a gadfly but none actually running any level of government, and his aides already warn that he is a micromanager who must learn to delegate. In addition, he is handicapped because his political party has only minority support in the National Assembly.

Finally, though he seems healthy, he is already 74 and it is not clear how he will hold up over his five-year term.

On the other hand, Mr. Kim has the advantage of a strong South Korean presidency and of soaring approval ratings. Elected with just 40 percent of the vote in a three-way race, he has rapidly won over many critics, and 83 percent of those surveyed in a recent poll said it was good for South Korea that Mr. Kim had been elected.

There is a mood of elation and relief in part because many South Koreans and foreigners, particularly establishment figures, initially regarded Mr. Kim with deep suspicion. He was suspected of being a populist who would pander to labor unions, take revenge on his political opponents and engage in battles and renegotiations with the International Monetary Fund.

So far, none of those worries has proved to be justified.

One of Mr. Kim's first actions after the election in December was to arrange the release from prison of two of his greatest persecutors, former Presidents Chun Doo Hwan and Roh Tae Woo, under whom he was nearly executed.

The gesture was an important effort at national reconciliation, for South Korea

is bitterly divided between the Cholla region in the southwest, where Mr. Kim comes from, and the Kyongsang region in the southeast, where the two former presidents have their roots.

Mr. Kim also went out of his way to reassure the Samsung Group, a giant conglomerate that had fervently opposed Mr. Kim for many years. Sending a strong signal of even-handedness, he met the head of Samsung and encouraged him to offer suggestions for national economic restructuring.

Mr. Kim has long experience in charming people who expect the worst of him.

"We were always told that Kim Daung was a threat because he could incite the masses, that he was a socialist, that he was a violent person, and I kept on hearing those things, so I came to believe it," recalled Lee Yeol, a retired policeman who says his job from 1976 to 1987 was to spy on Mr. Kim's house.

Mr. Lee gleefully recalled that his main tasks were to identify foreign journalists who visited Mr. Kim and to go through Mr. Kim's mail and garbage—and that was when he began to have doubts about his work.

"One day, I was looking through Kim Daung's trash, and I found a piece of his writing entitled 'Resolving Regional Hatreds,'" Mr. Lee said. "I was really impressed. I thought he was a genius."

"I used to look forward to going through his garbage, in hopes of finding some of his writings," he added. "But after a while Kim Dae Jung's family members must have caught on to what we were doing, because they stopped throwing away papers like that. I was really disappointed."

Yet Mr. Kim, for all his passions about democracy and human rights, is as much a pragmatist as an idealist. Throughout his career he has been willing to compromise, and indeed he was elected in December only because he agreed to take as his running mate a fellow rival, Kim Jong Pil, who was the architect of the 1961 coup that led to decades of military rule.

On Monday, he appointed Kim Jong Pil, 72, as the next prime minister.

Last month he held an unprecedented two-hour "town meeting," televised nationwide, and a young woman asked him pointedly whether his efforts to encourage foreign investment would not mean the "economic colonization" of South Korea.

"We must accept a lot of foreign investment," Mr. Kim declared, beamng and launching into a long lecture on capital flows. "When money enters my country, that becomes my money. Times have changed so that we are living in an era in which gaining foreign investment is more important than boosting trade."

"We're living in a globalized world, and in this respect our country is very backward," he added. Then he cited and praised a foreign newspaper article that criticized South Koreans as among the roughest people in the world to outsiders.

"If foreigners think this, then no investments will enter Korea; no tourists will come here and no one will buy our products," Mr. Kim warned. "How can we survive like this?"

When he had finished scolding his countrymen, there was a brief, shocked pause. And then the audience burst into long applause.

Parched Borneo Catches Fire Again

A New Haze Threat Looms as Strapped Farmers Burn Fields

By Seth Mydans
New York Times Service

SAMARINDA, Indonesia — The eastern coast of Borneo, dry after a year of drought, is bursting into flame again, raising fears that a wave of choking smoke could soon blanket Southeast Asia as it did last autumn.

Desperate to survive as food shortages and bankruptcies spread in Indonesia, both small farmers and plantation owners have apparently resumed their slash-and-burn land clearing despite a government ban on burning and in defiance of pleas by neighboring countries.

The fires and the continuing drought — broken in much of the country only by sporadic rain showers — are bringing added misery to a nation that is suffering its worst economic and political crisis in decades.

The drought has ruined crops and added to the unemployment and food shortages that are causing price riots around the country in a social parallel to last year's wildfires.

From hilltops here in Kalimantan Timur Province, plumes of smoke can be seen in every direction. As the wind shifts unpredictably, flames eat their way through the forests, driving birds and animals ahead of them. Farmers with machetes rush to cut fire breaks. Clouds of sweet smoke sting the eyes and bring an early dusk to villages.

"I was up all night fighting a fire near my home," said Badui, a farmer, as he hacked underbrush at the edges of a crackling fire north of Samarinda. "Now I'm helping my friend save his home. It was the same thing last year."

At a tracking station here, brightly colored computerized satellite images show hundreds of shifting hot spots. Most are clustered here in the country's driest province. But two new clusters appeared recently in northeastern Sumatra, the other Indonesian island that was a source of the regionwide haze last year.

"If the meteorology predictions are right, the dry season may be longer than last year," said Longgona Ginting, coordinator of forestry advocacy at Walhi, an environmental lobbying group. "If

that happens, I am quite sure the fires will be worse than they were last year. It really depends on the weather."

Singapore, Malaysia and the Philippines have already voiced their concern. Malaysia is particularly worried about the possibility that smoke could ruin its plans to play host to the Commonwealth Games in September.

The smog last autumn affected six Southeast Asian nations, forcing the closing of airports, contributing to ship collisions and cutting deeply into the tourism industry. It also caused widespread health problems and led to the evacuation of many foreign diplomats and executives.

The root cause of the problem has not changed, Longgona Ginting said. "In Kalimantan, the fires are mostly caused by plantations and timber estates that have started to clear land again."

The cheap clearing of land by burning will be harder than ever to stop, given the economic hardships that make it less likely that plantation owners will shift to more expensive mechanized methods.

In addition, said Charles Barber, a senior researcher for the World Resources Institute, "The government has no money now to do enforcement or oversight. This is a problem in all areas of environmental management. It's a very unfortunate confluence of events: the drought, a boom in land clearing, which never had very good oversight, and now less money to focus on what goes on out in the field."

"Combine that with a large amount of dead and dry biomass, which is lying around from incompletely burned areas from 1997, and you could have some real rough fires. It could be worse in May than it was even last September."

Tamil Gunboats Sink 2 Ships In Battle With Sri Lanka Navy

Compiled by Our Staff From Dispatches

COLOMBO — In a sea battle that killed up to 70 people, rebel gunboats attacked a 12-ship convoy carrying soldiers to northern Sri Lanka and sank two ships, military officials said Monday.

Tamil Tiger rebels in about 25 boats clashed with navy warships escorting the convoy off the northern coast, military officials said.

Security forces are heavily dependent on sea transport to the northern peninsula of Jaffna, which is cut off from the rest of the country because the separatist Liberation Tigers of Tamil Eelam still hold the main land access route.

Defense analysts said the Tamil Tiger attack was part of the rebels' larger plan to cut off the supply line to thousands of soldiers in Jaffna.

Government troops have been conducting a major offensive since May to open the land route to Jaffna but have yet to succeed. About 1,000 soldiers have been killed, according to official estimates.

Troops on the peninsula depend largely on the navy for reinforcements, military hardware and dry rations, while the air force ferries fresh food and small numbers of troops to battle zones.

"Tigers know if they can cripple the navy, they can cause more damage to the army," a senior military official said. "For them, it is better and more effective than confronting the soldiers on the ground."

Two ships carrying 110 soldiers and crew were sunk in the hourlong battle Sunday night. The rest of the 12-ship convoy reached a nearby military port.

The Tamil rebels are fighting for a separate homeland for minority Tamils in northern Sri Lanka. More than 51,000 people have been killed since fighting erupted in 1983.

(AP, AFP)

BRIEFLY

Hindu Government Reinstated by Court

NEW DELHI — A court reinstated the Hindu nationalist leadership in India's largest state Monday, two days after the government's dismissal threatened to overshadow India's general election.

The High Court in Uttar Pradesh nullified the decision by the state's governor, Romesh Bhandari, to replace the government led by the Bharatiya Janata Party.

Mr. Bhandari, who is federally appointed, dismissed the government after some of its small allies walked out, depriving it of a legislative majority.

(AP)

Young Thugs Caught

TOKYO — Tokyo police said Monday they had caught a group of young street fighters who had committed scores of robberies to get money for arcade games.

A police spokesman said the 12 suspected gang members, who ranged in age from 10 to 17, preyed on elderly people. The suspects were quoted as saying they stole about 2 million yen (\$15,600) in more than 100 robberies.

The police arrested 5 of the 12; the others could not be charged because they were under 14.

(Reuters)

Mideast Tour Ahead For Taiwan Leader

TAIPEI — In a new effort to escape diplomatic isolation, the prime minister of Taiwan left Monday on unannounced visits to the Middle East and Malaysia.

Prime Minister Lien Chan will receive an honorary doctorate from a Jordanian university, then visit Bahrain before returning via Malaysia, the state-owned CNA reported. Mr. Lien will also visit Lebanon, the United Nations News reported.

None of those countries has diplomatic ties with Taiwan, which

China claims is a renegade province. China routinely protests visits by Taiwan's leaders to countries that recognize Beijing.

(AP)

Chinese to Be Moved

BEIJING — The authorities in central China have begun moving 71,000 people in the second stage of a resettlement program to make way for the huge Three Gorges Dam.

Hubei Province also will move 52 major industrial and mining operations and build thousands of buildings to house relocated families and businesses, the official Xinhua press agency reported Sunday.

In all, China plans to move 1.2 million people to make way for the dam on the Yangtze River.

(AP)

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Fire Again!

Farmers Burn Fields

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In addition, said Charles Harte, senior researcher for the World Resources Institute: "The government's oversight is a problem, as is environmental management. It's a very unfortunate confluence of the drought, a boom in land sales, which never had very good oversight, and now less money to focus on."

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Sink 2 Ships

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The Tamil rebels are fighting to separate their homeland from majority Sinhalese in northern Sri Lanka. More than 10,000 people have been killed since the conflict erupted in 1983.

TEFLY

China claims a renegade group

China routinely protests

to warn leaders to counterrevolutionary Beijing.

Young Thugs Caught

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In all, China plans to move 12 million people to make way for the dam on the Yangtze River.

Ulster Talks Darkened As Blast Hits 2d Town

Commercial Center Wrecked by Car Bomb

By James F. Clarity
New York Times Service

PORTRADOWN, Northern Ireland — For the second time in four days a bomb believed to have been planted by Roman Catholic guerrillas ripped the center of a predominantly Protestant town Monday, raising fears that the five-year-old Northern Ireland peace effort was crumbling and that this British province was on the verge of returning to widespread sectarian violence.

In Monday's attack at noon in Portadown, 25 miles (40 kilometers) west of Belfast, several shops and banks were severely damaged, but there were no injuries. On Friday night, hours after Sinn Fein, the political wing of the Irish Republican Army, was suspended from the formal peace talks, a bomb exploded in the village of Moira, injuring 11 people, none seriously.

The British government and the police of the Royal Ulster Constabulary have not blamed the IRA for the attacks, but a Republican splinter group, the Continuity IRA, is widely suspected of detonating the bombs in order to destabilize the political talks and draw Protestant paramilitaries to retaliate. The Continuity IRA has not claimed responsibility for the bombs.

Portadown is the power base of the extremist Protestant pro-British Loyalist Volunteer Force, whose leader, Billy Wright, was shot and killed by republican guerrillas inside Northern Ireland's Maze prison on Dec. 27. Meanwhile, in the Irish Republic on Monday, police disarmed a firebomb in a car abandoned outside a police station in the village of Dromad near the border with Northern Ireland. They said the Loyalist Volunteer Force was to blame.

Protestant unionist leaders said that the two blasts, both in the hometowns of leading Protestant politicians, made it

unlikely that Sinn Fein would be re-admitted to the formal peace talks in Belfast, which resumed Monday but were disrupted by the latest bombing.

The British and Irish governments have said that the peace talks would not be stopped if the violence was from small splinter groups.

But if Monday's blast is eventually attributed to the main IRA, Sinn Fein's exclusion would probably be extended, if not made permanent. Sinn Fein was suspended by the Irish Republic and British governments after they found that the IRA had been involved in the killing of two civilians two weeks ago in Belfast.

If Sinn Fein were permanently excluded from the talks, officials and analysts said, it would be virtually impossible to reach a sustainable peace agreement.

Bomb Was Set Near Police Post

Portadown police said Monday's bomb was planted in a car parked 600 feet (about 200 meters) from a police station. Reuters reported.

"This is another dastardly act, destroying the commercial center of a town and putting people's lives at risk," a police spokesman said.

Portadown is the power base of the extremist Protestant pro-British Loyalist Volunteer Force, whose leader, Billy Wright, was shot and killed by republican guerrillas inside Northern Ireland's Maze prison on Dec. 27.

Meanwhile, in the Irish Republic on Monday, police disarmed a firebomb in a car abandoned outside a police station in the village of Dromad near the border with Northern Ireland. They said the Loyalist Volunteer Force was to blame.

Troops Retake Albanian Town

The Associated Press

TIRANA, Albania — Government troops stormed into the devastated town of Shkoder on Monday where armed gangs had taken over, looting and burning public buildings and robbing banks.

Troops had entered in Shkoder on Sunday after supporters of the main opposition party, the Democrats of former President Sali Berisha, took to the streets, demanding the release of two senior Berisha supporters.

The protest turned into a full-scale

riot, with all public buildings ransacked and many burned, witnesses said. At least three policemen were hurt and the police force was forced to flee when the crowd invaded a police station and released 35 prisoners.

The ministers called for officials to develop proposals for an EU-Iran dialogue on terrorism, on the production of weapons of mass destruction, on the death sentence imposed by Tehran on the British writer Salman Rushdie and on the Middle East peace process.

"Iran's willingness to address these concerns would greatly enhance the success of the dialogue and Iran's re-integration into the international community," the ministers added.

BRUSSELS — The European Union decided Monday to resume ministerial contacts with Iran, ending a 10-month freeze on senior-level contacts that was imposed after the government in Tehran was implicated in terrorism in Germany.

Foreign ministers from the 15 EU states agreed to "respond positively" to "encouraging" recent developments in Iran and the interest it has shown in a more constructive relationship with Europe.

The ministers called for officials to develop proposals for an EU-Iran dialogue on terrorism, on the production of weapons of mass destruction, on the death sentence imposed by Tehran on the British writer Salman Rushdie and on the Middle East peace process.

"Iran's willingness to address these concerns would greatly enhance the success of the dialogue and Iran's re-integration into the international community," the ministers added.

The EU's decision to suspend ministerial contacts with Iran followed a German court ruling last April that senior Iranian officials were involved in organizing the killing of four Kurdish dissidents in a Berlin restaurant in 1992.

President Bill Clinton has so far been reluctant to provoke a trade war with Europe by allowing the sanctions to be imposed. Even if the State Department announces that the companies are subject to sanctions, he can delay their application for up to 180 days and then waive them altogether on the grounds that the move would be detrimental to U.S. interests.

Despite the upgrading of political ties, the EU will be maintaining its policy of tight controls on Iranian embassies in Europe, diplomats said. Many of the embassies are believed to have been used as bases for cover activities.

The initiative is bound to aggravate differences between the EU and the United States over how to deal with Iran.

Washington has pursued a policy of isolating the Islamic regime and is weighing possible sanctions on oil groups for investing in Iran. The United States is expected to rule shortly that Total of France, Gazprom of Russia and Petronas of Malaysia are all subject to sanctions under the Iran-Libya Sanctions Act because of their participation in the \$2 billion development of a gas field off Iran.

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But the signal from the EU on Monday that it wants warmer relations with Iran will make it harder for Mr. Clinton to persuade Iran's foes in Congress that the Europeans are working towards the same basic objectives: ensuring that Iran stops supporting terrorism and does not become a threat to regional security.

"He said after a meeting with Prime Minister Viskor Chernomyrdin that the tone at the meeting would be 'demanding' and specific officials would be called to account," Tass said. It quoted Mr. Yeltsin as adding: "Decisions about them will follow immediately."

BRIEFLY

EU Is Toughening 'Mad Cow' Rules

BRUSSELS — Aiming to impose tougher rules to prevent the spread of "mad cow" disease, the European Commission is considering banning the sale of T-bone steaks and mutton chops in nearly half of the EU's member states, officials said Monday.

Officials of the 15-member bloc are rewriting draft laws on which material would have to be removed from carcasses at the slaughterhouse. There are fears some material might be infected with bovine spongiform encephalopathy.

The draft ban includes more material than originally planned, and would force seven states with a history of the disease to ban sales of meat attached to the vertebral column from cattle, sheep and goats more than a year old. (Reuters)

Georgian Leader Wants to Negotiate

DZHIKHASKARI, Georgia — President Eduard Shevardnadze agreed Monday to talk with a representative of the gunmen who have been holding three UN military observers hostage for four days.

The kidnappers, supporters of Zviad Gamsakhurdia, who was ousted as president in a coup in 1992, said they were skeptical of the offer. They are demanding that the authorities release all jailed supporters of the late president.

Mr. Shevardnadze has said the kidnappers are the same men who were behind an assassination attempt against him two weeks ago — a charge they deny.

Changes in Russia?

MOSCOW — President Boris Yeltsin indicated Monday that he might shake up his government after it reports to him on its record Thursday, Itar-Tass press agency reported.

"He said after a meeting with Prime Minister Viskor Chernomyrdin that the tone at the meeting would be 'demanding' and specific officials would be called to account," Tass said. It quoted Mr. Yeltsin as adding: "Decisions about them will follow immediately."

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INTERNATIONAL

Tornadoes Strike Central Florida, Killing 33

The Associated Press

ORLANDO, Florida — Tornadoes hit with deadly force across central Florida on Monday, killing at least 33 people and destroying hundreds of homes. Two people were missing.

"We've had so many touchdowns we can't keep track of them," said Angela Braden, spokeswoman for the Seminole County sheriff's office.

The twisters missed the three major theme parks in the Orlando area — Walt Disney World, Universal Studios Florida and Sea World, which opened Monday for business as usual.

Just southeast of Disney World, however, one person was killed in the Osceola County city of Kissimmee.

Tornadoes were reported from Daytona Beach on the Atlantic Coast to the Tampa Bay area on the Gulf Coast.

The bulk of the stormy weather moved up the East Coast on Monday. Georgia also was affected, with floods closing roads and schools Monday after a downpour as 5 inches (13 centimeters) of rain fell Sunday.

"Some of the tornadoes may have had wind speeds as high as 210 miles (340 kilometers) per hour," said Bob Ebaugh, a forecaster at the National Weather Service.

More than 135,000 people in central Florida lost power at the height of the storms, utilities es-

timed.

President Bill Clinton said Monday he was sending representatives of the Federal Emergency Management Agency, including the director, James Lee Witt, to the tornado area.

By comparison with this storm, the hurricane that devastated Andrew killed 32 people as it tore through the Bahamas, South Florida and Louisiana in 1992.

Most of the deaths Monday were scattered through three or four neighborhoods in counties around the Orlando region.

Eleven people were killed in Seminole County, said Paula Ritchey, a county public safety spokeswoman. Much of the damage there late Sunday and early Monday was near the Sanford airport just northeast of Orlando.

In Osceola County southeast of Orlando, at least 14 people died and 200 structures were damaged, said Jeter Walker, an emergency management spokesman.

"Big, big tornadoes did this," Mr. Walker said.

One tornado shredded the Ponderosa Park campground behind Osceola County stadium, the spring training home of the Houston Astros baseball team, killing seven people.

Elsewhere in the county, six people were killed in the Buena Ventura Lakes area, where a shopping center was reduced to twisted metal and exposed concrete.

In Volusia County, a man was killed when his trailer home was destroyed, said the sheriff's investigator, Derrick Clark.

Two other people were missing early Monday near Lake Harney, northeast of Orlando, Mr. Clark said. Officials also rescued a boater whose craft apparently capsized.

In Orange County, one person died at a retirement community west of Orlando, said Vincent Preston, a fire rescue lieutenant.

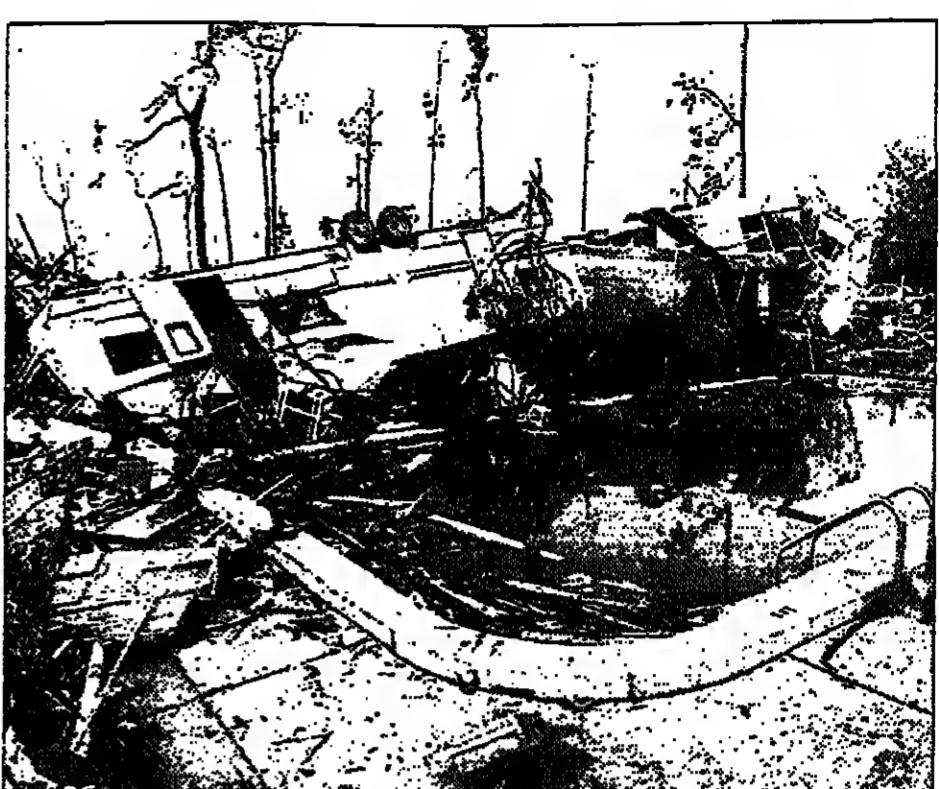
Three tornadoes touched down in the town of Winter Garden, said Jean Moe, Orange County's assistant division commander. The roof of a convenience store was ripped off and several cars were blown away from a parking lot in another area of the county, she said.

About 100 mobile homes were damaged or destroyed in the county, and three of the four buildings in the Country Gardens apartment complex were damaged, Ms. Preston said.

"All of the power in this area has been severed because of the tornado," she added.

The winter storm was partly caused by the wind patterns and conditions directed by El Niño, said Mr. Ebaugh of the weather service.

The Pacific warm-water phenomenon is blamed for a number of unusual weather patterns around the world, including a series of storms in California that have caused an estimated \$475 million in damage.



Wrecked mobile homes near the pool at the Ponderosa Park campground in Kissimmee, Florida, where a tornado hit early Monday and killed seven people.

Racism in Indonesia Undercuts Unity

International Herald Tribune

The 7 million ethnic Chinese in Indonesia make up just 3 percent of the population, but they control a large share of economic wealth. On a visit to Singapore, Juwono Sudarsono, deputy governor of the National Resilience Institute, an arm of the Indonesian Defense Ministry that trains senior civilian and military officials, discussed the situation of the Chinese minority with Michael Richardson of the International Herald Tribune.

Q. Why do the riots in Indonesia over rising food prices and rumors of hoarding by merchants and shopkeepers so often degenerate into anti-Chinese attacks?

A. Unfortunately, there has been a stereotype of the Chinese in Indonesia since Dutch colonial times, because of their vaunted position as middlemen between the colonials and the natives. In this kind of situation, they become the target of popular anger and frustration, since they control most of the production and distribution of basic commodities, such as cooking oil, flour, rice and sugar, right down to the level of towns and villages.

We have had sporadic anti-Chinese riots in the past. With severe drought gripping many parts of Indonesia now and widespread concerns about food shortages and high prices, the anger is much stronger this time.

The other reason the ethnic Chinese are a target is that as a small minority of the population they are politically weak. They do not have the ability to respond. They therefore feel constrained to ride out the anger, rather than hit back.

SUHARTO: President's Grip on Indonesia Seems Unbreakable

Continued from Page 1

"He is the highest military commander," said Laksmara Sukardi, an economist and consultant aligned with the opposition. "He decides the promotions and appointments in the army. He appoints the central bank governor, the boards of directors of state-owned companies; he decides who will be chairman of the securities and exchange commission; he appoints the judges, the members of Parliament."

"Under normal circumstances, nobody has any chance to challenge Suharto."

Many Indonesian and foreign analysts say that bold has led to the current turmoil. With Indonesia's predicament now viewed as more a crisis of confidence than a problem of economics, critics say, the country cannot hope to begin reviving its battered financial sector and reversing the spiral as long as Suharto and Company — his relatives, friends and business associates — remain in charge. But without Mr. Suharto, most see only more chaos, more uncertainty, and perhaps even more bloodshed and another violent upheaval similar to the slaughter of 1965, in which thousands of ethnic Chinese and Communists sympathizers were slain. The most startling thing to emerge in three weeks of interviews with people here and around the region is that the overall view of the country's future is universally gloomy. Many seem convinced that Mr. Suharto, 76, has entered the endgame of his rule; either politics or his own mortality will see to that. No one is certain how or when the end will come, but few think it will come smoothly.

"This is a very dire situation we are facing," said Jusuf Wanandi of the Center for Strategic and Internation Studies.

If the misery deepens, he said, a popular uprising could erupt. "But it will be anarchy, not by design," he warned.

Mr. Suharto is making no concessions to mortality. Preparing to start his next five-year term, he is believed to be

Q&A / Juwono Sudarsono, Defense Official

Q. One prominent Indonesian business leader said recently that the current economic crisis was the perfect time for the government to wrest control over commerce from the Chinese and redistribute ownership to indigenous Indonesians. Would that be a wise move?

A. I think it's a dangerous concept that goes against the grain of Indonesia's constitution and national unity. Many Chinese were upset. They have been in Indonesia for generations, yet they still feel they are regarded as leeches. We should not distinguish between people of different ethnic, linguistic or religious backgrounds.

I think the right course of action is to include as many as possible of these ethnic and racial groups in business, government and the military, so that the sense of nationhood can be reinforced.

Q. Are you saying that part of the problem now is that ethnic Chinese in Indonesia are excluded from some important areas of national life?

A. In formal terms, there is no discrimination. But in real life there are difficulties experienced by Chinese Indonesians in joining the armed forces and the civil service. They even face discrimination in entering the state universities. This is something we must overcome in the next couple of years.

One adverse result is that Chinese Indonesians then study abroad and get even more proficient. When they come back, they perform even better. So it's the fault of indigenous Indonesians that we enforce this discrimination in society.

Q. Can the armed forces, including the police under their command, maintain law and order in the face of widespread social unrest?

A. We have a big problem, particularly on the densely populated main Indonesian island of Java, where 120 million people live. The reach of the authorities in some areas is limited. On average, there is only one policeman for every 10,000 Indonesians. The police are undermanned, undertrained and underpaid.

The saving grace of this situation is that most of the riots are spontaneous and don't last very long. Moreover, the police and the military tend to be seen as the only institution that can save the country.

Q. And don't forget the indigenous Indonesians who protect factories owned by Chinese Indonesians from attack. It's not just because they work and earn their living there. They know the rioting is wrong. There have been many instances of this protective action in central and east Java.

A. So I'm quite optimistic that even with the reduction of the subsidies in April, some of these issues will be alleviated. I firmly believe that in the long term, the average indigenous Indonesian will see that the role of the Chinese Indonesians, particularly those who are third- or fourth-generation residents, is really for Indonesia. They are not working for any foreign country.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Iraq Agreement

A definitive assessment of the deal that UN Secretary-General Kofi Annan struck with Saddam Hussein over the weekend must await disclosure of the details this week. But as sketched out by Mr. Annan's aides on Sunday, the arrangement would appear to defuse the Iraq crisis, at least temporarily.

By agreeing to permit unrestricted inspection of previously closed presidential sites, Saddam has ended Iraq's most flagrant defiance of the Security Council resolutions adopted in the wake of the Gulf War.

But the agreement, because it is limited to eight contested sites, leaves open the possibility of Iraqi belligerence about other locations.

Faced with the prospect of an American military attack, Saddam made several concessions. He agreed to open the eight presidential compounds, which inspectors suspect may house chemical and biological weapons or the means to make them, and dropped a proposed 60-day time limit for these inspections. Regular UN inspectors, not a new, less experienced group initially demanded by Baghdad, will check the presidential sites. In return, Mr. Annan agreed that diplomats may accompany the inspectors to sensitive locations to satisfy

Iraq's desire for greater dignity in the inspection regime.

Provided Mr. Annan did not compromise the integrity of the inspection system in some manner yet to be revealed, his agreement, for now, should satisfy American demands that Iraq comply with Security Council resolutions. They require international access to any site in Iraq that may be used to store weapons of mass destruction, manufacturing equipment and materials as well as records about the development of such weapons.

If so, American military forces can pull back from imminent attack, although they should remain in the region to ensure that Saddam honors the agreement with Mr. Annan. There is always a danger that Iraq will carry out new, excluded areas not covered by Mr. Annan's agreement, a step that would swiftly rekindle the crisis.

By backing diplomacy with the threat of force, Bill Clinton has so far handled the crisis with skill. If the Annan deal is sound, and Saddam carries it out in good faith, he should be no less willing to accept it than he has been to use military force. But America and the world will have to remain vigilant. Saddam has a poor record of keeping his word.

—THE NEW YORK TIMES.

Rethink the Drug War

Drug traffickers have worked up a major alternative, through the Caribbean, to the routes wending from South America to the United States through Mexico. This development does to these vulnerable islands, including Puerto Rico, what drug policy director Barry McCaffrey said the other day about Mexico: It puts them "under major internal attack, violence and corruption driven by international criminal organizations of a tremendous variety and cunning." This is the latest sad consequence of the chain of causation starting with the seeming insatiable of American drug demand.

The full range of familiar programs must be intensified in the Caribbean. Plus a new one: bananas. Crop substitution to help South American coca growers is a recognized policy option. General McCaffrey reports that "smart alternative economic policies" in Peru have helped that nation cut cocaine production by 40 percent in two years. But in the Caribbean, American policy undercuts the banana alternative. The United States supported a successful South American growers' challenge to an old European tariff preference favoring the Europeans' former Caribbean colonies. The Caribbean's loss of the preference is to take effect soon. It tries out to be reviewed.

This is certification time. American

law compels the president to determine annually whether other nations' anti-drug cooperation makes them eligible for American aid. The law is finally ineffective. The United States loses, by antagonizing the target countries, more than it gains from dragging their cooperation. This time President Bill Clinton should continue to certify Mexico; he should also resume certifying Colombia. Both countries know sickening corruption, but their governments are making a strenuous enforcement effort all the same.

Beyond that, the United States is moving, although not fast enough, to get out of the insulting practice of unilaterally certifying the performance of other, unconscionable nations. The better way is for Western Hemisphere nations to start assessing each other's record in checking demand as well as supply. The shift could give the Clinton administration further incentive to get results from its top-priority programs aimed at reducing drug consumption, especially among the young.

The administration has been working with Mexico, Colombia and others to make an old air force base in Panama a center for hemispheric cooperation on drugs. It is the right place — already it was the right time — to introduce a program of joint drug-policy review.

—THE WASHINGTON POST.

Copyright Mischief

The U.S. Congress is considering a bill to extend by 20 years the term of copyright protection. Since 1976, when copyright was last extended, the term has stood at the lifetime of the author plus 50 years, or, in the case of corporate authors, a total of 75 years. Supporters of this bill, mainly the film industry, music publishers and heirs, argue that extending copyright will improve the balance of trade, compensate for lengthening life spans and make American protections consonant with European practice. But no matter how the supporters of this bill frame their arguments, they have only one thing in mind: continuing to profit from copyright by changing the agreement under which it was obtained.

There is no justification for extending the copyright term.

Senator Orrin Hatch, Republican of Utah, argues that the purpose of copyright is "spurring creativity and protecting authors." That is correct, and the current limits do just that. The proposed extension edges toward perpetual patrimony for the descendants, blood or corporate, of creative artists. That is decidedly not the purpose of copyright.

Copyright protects an author by granting him the right to profit from his own work. But it protects the public interest by ensuring that one day the right to use any work will return to the public. When Mr. Hatch laments that George Gershwin's "Rhapsody in Blue" will soon "fall into the public domain," he makes the public domain sound like a dark abyss where songs go, never to be heard again. In fact, when a work enters the public domain

it means that the public can afford to use it freely, to give it new currency. What vexes any discussion of copyright is the idea of benefit. It is easy to see what the Disney Corp. will lose when Mickey Mouse goes out of copyright, as he will within a few years. It is harder to specify what the public will lose if he does not go out of copyright.

The tendency is to vest the notion of creativity in the owners of copyright. But artists, including those who work for places like Disney, always emerge from the undifferentiated public, and the works in the public domain, which means nearly every work of any kind produced before the early 1920s, are an essential part of every artist's sustenance, of every person's sustenance. So far, Congress has heard no representatives of the public domain. It has apparently forgotten that its own members are meant to be those representatives.

—THE NEW YORK TIMES.

Other Comment
The Monica Factor

Had Bill Clinton run this town meeting [in Ohio last week], the anchors and protesters would have been handled. Maybe he could even have papered over the tough policy questions his undersigned could not. But he will no longer risk fielding questions in an open forum. He has given no interviews since the day the Lewinsky scandal broke, and can't give a press conference without a human shield like Tony Blair. — Frank Rich, commenting in *The New York Times*.

Herald Tribune

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What to Do After an 'Almost Yes' From Baghdad

By Jim Hoagland

WASHINGTON — Kofi Annan, the elegant Ghanaian diplomat Bill Clinton and Madeleine Albright helped vault into his job as secretary-general of the United Nations, has repaid them by fashioning the gravest foreign policy dilemma the Clinton

sounds skeptical about your war-and-peace strategy, you have serious problems.

Mr. Clinton may now face a Saddam squeeze play as the final act of four months of frenetic but confused diplomacy that confronts Washington with mostly unpromising options.

The Russians, French and British have been the active players in this diplomatic exercise, while the United States has waited for others to take it off the hook. The Russians told Washington and London last week that Saddam had said he was ready to strike the deal with Mr. Annan that Mr. Clinton

alleged African support behind Mr. Annan. She has insisted to him that he report back to the Security Council either that Saddam is now ready to guarantee full and unfettered UN inspections or that no deal is now possible.

The latter verdict would free President Clinton to follow through on his military threats. If Saddam is seen to have stiffed Mr. Annan, Russia and France will not even seriously criticize the U.S.-British military strikes that will follow. Boris Yeltsin and Jacques Chirac made that clear to Saddam in private messages last week, according to diplomatic sources.

That helped shift the odds toward the "almost yes" scenario last week, as France and America softened their positions on the contentious issue of the presidential palaces that Saddam has declared off-limits to UN inspectors.

Mr. Warner, Mr. Richardson and others fear that Mr. Clinton has been boxed in taking "almost yes" for an answer — into calling off the aerial assault that the Pentagon is primed to begin within seven to 10 days, while the diplomats iron out the wrinkles in the binding written Iraqi pledges Mr. Clinton insisted that Mr. Annan must bring back to forestall an attack.

Delay would present the Pentagon with logistical and morale problems.

But delay does not have to be Mr. Clinton's enemy. He can use it to time to end the passivity toward Saddam that has marked most of his presidency and the last four months of this one.

He should publicly tie any delay of attacking Iraq to four conditions:

(1) He will keep substantial American forces in the area and they will be ready to snap back into attack mode if instant Saddam gives Unconventional weapons any trouble. That attack will come automatically and on U.S. decision, with Russia, France and U.S. Arab allies agreeing in advance not to intervene diplomatically on Saddam's behalf.

(2) U.S.-led coalition forces will now actively interdict smuggling that is bringing trade worth tens of millions of dollars to Iraq in violation of sanctions.

(3) America will accelerate efforts to bring charges against Saddam's regime in international tribunals.

(4) Mr. Clinton should commit to a new program of support for Iraqi Arabs and Kurds who oppose the regime.

Holding back the raids and putting Saddam on probation one more time increases costs and risks for the United States. Any delay that Mr. Clinton grants should not come free for Saddam, or for those countries that have sought it for him.

The Washington Post.

Options: Good and Bad Ways to Rid the World of Saddam

By John Deutch

CAMBRIDGE, Massachusetts — Many people call for the United States to overthrow Saddam Hussein. How would it actually be done?

The most obvious way would be to attack Iraq with a combination of air and ground forces. But almost no one in America wants to risk troops in Iraq, and everyone agrees that air strikes alone cannot do the job. Instead, some suggest, the United States should mastermind a quiet assassination.

For the moment, disregard that it is illegal under current law to sponsor assassination for political reasons. Also disregard past history, for example, abortive American efforts to kill Fidel Castro in the 1960s.

But is it likely that America could carry out such an assassination successfully? Perhaps, although it stretches credibility. And could it be done quietly? Impossible.

There certainly are circumstances where assassination might be justified — for example, an attempt on Hitler's life. But the conditions for reversing U.S. policy against assassination should be pretty stringent: unanimous support from allies; a preponderance of world opinion, especially in the region, about the desirability of getting rid of the despot; some confidence that the successor would be less evil than the target.

There would also need to be a judgment that American in-

fluence and interests in the Middle East would not be impaired for long if the United States were revealed to have been even partly responsible for the assassination.

No, assassination is not a viable way to handle Saddam.

What about overthrowing the Iraqi government through "covert action"? Covert action has long been an important instrument of the U.S. government. It lies between open warfare and diplomacy — the United States tries to influence

political events in another country, but anonymously.

In my judgment, covert action has growing importance today, primarily in the war against drugs, terrorism and the proliferation of weapons of mass destruction. But could the much reviled CIA organize an overthrow of Saddam with the hand of the United States concealed?

Of course, this is not the first time that some political leaders and the public have longed for a simple way to get rid of a troublesome foreign leader.

In the presence of ambiguity such as this — remember Nicaragua? — covert action becomes almost impossible.

Dwight Eisenhower took the covert-action approach with President Sukarno in Indonesia in the late 1950s, and John Kennedy tried it with the Bay of Pigs.

In 1954, Jacobo Arbenz was overthrown in Guatemala, and Colonel Edward G. Lansdale, in a legendary CIA operation, took the lead.

What about the United States providing military assistance in the first few hours of an attempted takeover? Whom will the United States support after the fall of Saddam? Is there any evidence of regional support (neighbors are important) for a regime after Saddam? How much money will the United States commit if the coup is successful, and how much is available in advance (in small bills)? How will the Sunnis, Shias and Kurds share power in post-Saddam Iraq?

But the record is at best mixed, as experience in Iraq shows. Since 1991 the CIA has supported several dissident groups — the Kurds in the north, dissidents in London, and most recently an opposition in the Iraqi military. But Saddam is still there.

The problem is that policy-makers frequently adopt covert action to avoid harder choices — direct military action or the difficult aboveboard diplomatic work necessary to replace a foreign leader.

Since the end of the Gulf War there has been a reluctance to undertake the policy of working publicly to replace Saddam. There is no obvious leader to back, Saddam is popular with the Arab public, and there is a risk of provoking terrorist acts against America.

In the presence of ambiguity such as this — remember Nicaragua? — covert action becomes almost impossible.

Covert action can be helpful if it is not considered a "Hail Mary" pass at the end of a football game but is instead part

of the blocking and tackling of a concerted team effort.

If Washington is prepared to make a public commitment to overthrow Saddam, it should announce its intention to form and financially support a new Iraqi dissident group.

It should work with other governments in the region to describe the political and economic benefits that would come to Iraq and the Iraqi people with a new regime, one that does not seek weapons of mass destruction or threaten the security of the region.

And it should authorize covert action appropriate to support those public efforts.

Such an approach is more likely to catalyze change than an assassin's bullet.

Covert action is not an alternative to air strikes. Those strikes, despite their limits in directly bringing about Saddam's fall, are necessary to tell the world that the United States continues to oppose Saddam's reckless conduct.

Because of their fervor, dissident groups are notoriously optimistic about what they can accomplish. They often want to blow up the radio station in town rather than the radio tower, or the railroad station rather than the railroad tracks. These actions can be bloody and are hard to control.

Covert action can be helpful if it is not considered a "Hail Mary" pass at the end of a football game but is instead part

of government. Rather than blast these officials for their failures, human rights advocates should use their considerable knowledge to suggest how leaders can do better despite limited resources and experience.

I have found that Congo's new officials are usually untrained and unrepresentative, their errors when the discussion is a constructive dialogue rather than a one-sided cataloguing of their faults. The military in Rwanda is more willing to listen to criticism if we acknowledge the difficulties they face in waging counterinsurgency wars. Human rights failures by governments are not always deliberate.

The writer is director of the U.S. Committee for Refugees, a nonprofit humanitarian organization. This comment has been adapted from a longer article in The Washington Post.

Advocates of Human Rights Could Get Better Results

By Roger P. Winter

WASHINGTON — Those of us who work as human rights advocates tend to regard ourselves and our institutions as humanity's conscience and as vigilant protectors of the world's humanitarian ideals. We are fearless in judging others. We should be equally fearless in judging ourselves.

Nowhere are human rights more at risk than in Central Africa, where the past four years have brought genocide, civil wars, assassinations, massive refugee flows and periods of bloody anarchy.

During the past 20 years I have made dozens of visits to Rwanda, Congo, Uganda and Burundi, where as many as 1.5 million people have been slaughtered during that time. It is a corner of the globe that desperately needs wise human rights advocacy.

It is, I am sorry to say, a region where human rights activists are playing a potentially dangerous role. We in the human rights community are so busy issuing strongly worded reports and ostracizing imperfect new governments that we risk inviting more instability and bloodshed, not less.

Take the 120,000 suspected perpetrators of genocide now in Rwanda's jails. Many have not been formally charged. Most of my colleagues view that as an egregious abuse of human rights and proof that Rwanda's leaders lack commitment to basic rules of justice. I see it differently. I regard the jailing as a human rights victory.

Most of the country's judges, attorneys and investigators were killed during the genocide or fled the country, leaving no means of trying these 120,000 prisoners. But they are still alive and awaiting trial. They have not been gunned down or chopped apart in a frenzy of revenge for the genocide many of whom went to jail as agents of culture and empire.

For example, many human rights advocates raced to demonstrate the besieged new leader of Congo, Laurent Kab

OPINION/LETTERS

Back to the Scandal Sheets of Yore

By Adam Goodheart

But delay does not have to be time to end the passivity toward that has marked most of his presidency and the last four months of diplomatic attacking Iraq to fowl conditions.

He should publicly tie any delay to the need to bring substantial American forces in the area and they will instantly snap back into attack mode. Instant Saddam gives Unesco inspectors any trouble. That attack will come automatically with Russia, France and U.S. And he's agreeing in advance not to interfere diplomatically on Saddam's behalf.

U.S.-led coalition forces will actively interdict smuggling that is bringing trade worth tens of millions to Iraq in violation of sanctions.

3) America will accelerate efforts in international tribunals.

4) Mr. Clinton should commit to a new program of support for Iraqi Kurds who oppose the regime.

Holding back the raids and punting increases costs and risks for the United States. Any delay that Mr. Clinton grants should not come free for the sought after him.

The Washington Post

World of Saddam

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INTERNATIONAL

France Leads Europe in Hailing Accord as Ending Crisis With IraqBy Craig R. Whitney
New York Times Service

PARIS — The UN secretary-general, Kofi Annan, arrived in Paris from Baghdad Monday night carrying an accord that France and other European allies said they hoped would persuade the United States to call off a bombing campaign to get Iraq to agree to UN weapons inspections.

Sights of relief from all over Europe increased pressure on the Clinton administration to cancel the bombardment, which only Britain among the allies had said it was willing to help carry out.

Even before President Bill Clinton could say anything Monday about the accord, the spokeswoman of President Jacques Chirac of France, Catherine Colonna, said that Mr. Clinton and Mr. Chirac had agreed in a 30-minute telephone conversation that it seemed to be in conformity

with UN Security Council resolutions and should be voted on and put into effect as soon as possible.

"According to the information now in their possession, the accord which was signed appears to comply entirely with the United Nations resolutions and abides by the recommendations made by the five permanent members of the Security Council," Miss Colonna said.

Mr. Annan returned to Paris on the French presidential executive jet that took him to Baghdad last Friday for meetings with President Saddam Hussein and other officials. He was escorted from Villacoublay Air Base to his hotel, the luxury Crillon, by France's special envoy on the Iraq crisis, Bertrand Dufourcq.

French officials said Mr. Annan would fly to New York on an Air France Concorde supersonic jet Tuesday and report directly to the Security

Council.

"A diplomatic solution strictly in accordance with Security Council resolutions appears possible today, and the president is delighted," Mr. Chirac's spokeswoman said.

Other French officials went further. Defense Minister Alain Richard said that if Iraq abided by the terms of the agreement and weapons inspections showed that it no longer had any nuclear, biological or chemical weapons capability, UN economic sanctions against it should be lifted — the only long-term incentive for Mr. Saddam to comply with arms limitation agreements, French officials say.

Having pushed hard for both Mr. Clinton and Mr. Saddam to agree to give Mr. Annan one last chance to call off the dogs of war, Mr. Chirac has an enormous stake in U.S. acceptance of the deal, American diplomats said.

France participated in the 1991 war to get Iraq out of Kuwait, but with 55 percent of the French public opposed to siding with the United States in the latest crisis, according to a poll published by the daily *Le Figaro* on Monday morning, the United States will take a lot of criticism here if it rejects the agreement.

French newspaper and radio and television reports portrayed Mr. Annan's trip as an effort to defuse a crisis between Baghdad and Washington, as if Europe and the rest of the world were unaffected by the possibility that Iraq had weapons of mass destruction and the capacity to deliver them well beyond its borders.

European Union foreign ministers meeting in Brussels on Monday gave the accord a green light, welcoming it and expressing their appreciation to him.

"It seems that the decisive appeal from the international community has been met, the appeal for unlimited access to all inspection sites," said the German foreign minister, Klaus Kinkel.

Of Mr. Annan's mission, Mr. Kinkel said: "There is reason to be optimistic." The German defense minister, Volker Ruettig, speaking more cautiously, said: "The text has to be examined, and above all, we need to see in practice that Saddam Hussein holds to the promises he has made."

Guenther Verheugen, a foreign policy spokesman for the Social Democratic opposition in the German Parliament, said: "World opinion will mean that this deal must be accepted. The Americans would find themselves in dangerous isolation if, pointing to some trifling detail or another, they insisted on a military strike."

Another Storm Spent, Baghdad Shrugs It Off*What Will Happen Will Happen' Is the Motto*By Youssef M. Ibrahim
New York Times Service

BAGHDAD — After negotiations appeared to have averted a U.S. military strike, the people of Baghdad seemed cool and placid Monday — almost nonchalant.

In stores and coffee shops, people took it all in stride as they glanced at television screens that showed other Arabs supporting them and international diplomacy working full blast.

Even during the last four weeks, when it appeared that a formidable American armada was getting ready to shower missiles over Iraq, hardly anyone here rushed to board food. And the value of the dollar, which usually soars in times of danger, was actually fallen.

Maher Yacoub knew Sunday that things were looking up. He could see it by glancing at the reports taken from CNN that were flashing on the television set at Yasser Almehei's electric shop just behind the rickety table where Mr. Yacoub peddles single cigarettes from open packs.

The CNN reports, complete with Arabic translation, gave hourly details of talks in Baghdad with the United Nations secretary-general, Kofi Annan, asserting that they were going well. And everyone in Iraq knows that when the tightly controlled Iraqi media start showing uncensored reports from a major "imperialistic American" network, it is a clear sign things are swinging Iraq's way.

Still, Mr. Yacoub said philosophically: "What will happen will happen. We have been there before."

Overall, some 60 people interviewed during the weekend appeared fatalistic, skeptical and even defiant despite assurances from their government that there was some hope after seven years of severe economic sanctions.

"My dear friend," said Kazem Hani, 24, a pharmacist, "we are at the mercy of America, whose president is surrounded by people who hate Muslims and Arabs, who has a sexual scandal on his hands that he wants to resolve at our expense and who is pressured by generals to try their new toy missiles on somebody. With odds like that our only refuge is God, not excuse me, Kofi Annan."

The pharmacist was sipping tea Sunday afternoon with colleague in Soraya's Pharmacy, off the main shopping artery, Saadoun Avenue. The largely empty shelves contained only two kind of medication: a painkiller and

an anti-depressant that can only be dispensed with a doctor's prescription.

As 13 clients came in during a two-hour period, the two pharmacists were able to respond only to three requests for painkillers. To the rest the answer was the same: "Sorry, brother. I don't have it." The customers shuffled out in the same resigned way they shuffled in.

Does anybody around here ask for gas masks? Mr. Hani laughed bitterly. "You are talking to someone who has not eaten a banana in seven years," he said. "I last had meat a month ago. When I come to work every morning here, I say good morning to six engineers who are peddling cigarettes on this street to supplement their incomes. Do you believe anyone here is worried about gas?"

Arab Officials Are Pleased

Leading Arab statesmen welcomed the agreement signed Monday between the United Nations and Iraq over weapons inspections, saying that it averted the specter of another war. The Associated Press reported from Cairo.

Palestinian officials said that the standoff had diminished the status of the United States in the Middle East.

"Maybe this can be an eye-opener for the United States," said the Palestinian higher education minister, Hanan Ashrawi. "It must understand that some of its assumptions about this region — the worthlessness of public opinion, the total bias toward Israel — have affected its credibility and ability to maneuver in this region."

Overall, the Arab world was relieved. Yasser Arafat, the Palestinian leader, hailed the accord as "a very successful agreement."

"It is a very good agreement," echoed President Hosni Mubarak of Egypt.

The 22-nation Arab League said it welcomed the agreement. "The option for a political solution has averted a very dangerous twist, which would have pushed the entire region into a catastrophe," the group's secretary-general, Abdel Meguid, said.

Kuwait said the agreement was good not only for the Iraqis but also for the Kuwaiti people. "It averts the dangers to the area and makes Iraq comply with Security Council resolutions," said the foreign minister, Sheikh Sabah al Ahmad al Jaber as Sabah.

In Damascus, Al-Baath, a Syrian government-run newspaper, called the agreement "a triumph for all peace lovers in the world."

ANNAN: UN Leader Steals the Show

Continued from Page 1

point that it was "diplomacy that reached this agreement, not the sabre-rattling," Mr. Annan chimed in:

"You can do a lot with diplomacy, but of course you can do a lot more with diplomacy backed up by firmness and force."

Mr. Aziz then denied that Iraq had gone down, and went on to implicitly criticize the UN weapons inspectors and the commission's executive chairman, Richard Butler, by saying that even with an agreement, "individuals don't change their nature in an overnight."

But Mr. Annan had a quick retort. "Iraq and Unicom have had a difficult relationship at times," he said. "From Richard Butler right down, it is a task, whoever holds it, where there will be some difficulties."

"But what is important is for us to work out a practical, effective instrumental relationship to get the work done. What we are discussing here is a better and enhanced relationship between Iraq and the Unicom inspectors."

Mr. Aziz rattled by the directness of the press, cut off one questioner who wanted to know how Iraq managed to change its mind about its ban on off-limits sites.

"First of all, you don't know what we have agreed upon," he said. "So don't rush to conclusions."

A question from a British reporter that suggested the West had little reason to trust Iraq prompted a sharp rebuke from Mr. Aziz about how successive British governments have over the years "backed down on commitments they gave to the Arabs."

Then Mr. Annan was asked by an Arab reporter what message he had for young people after what he had gleaned in this clash of Western and Arab interests. He spoke to both camps.

"In today's world, which is a rather interdependent one, we need to be sensitive to the concerns of others," he said. "We need to understand other cultures. We need to think in much broader terms than our own narrow confines, and realize that in this interdependent world, no one can afford to think in purely local terms."

When Mr. Aziz — who focused in his opening statement on Iraq's first priority: getting the UN embargo lifted as soon as possible — sought to make the



Iraqis celebrating Monday in Baghdad over the UN inspection accord.

IRAQ: Clinton to Give Annan's Accord With Saddam a Chance

Continued from Page 1

Saddam had agreed that the UN Special Commission for arms inspections could start visiting eight so-called "presidential sites" almost immediately.

Access to the sites and the composition of the inspection teams were among the chief disputes that triggered the crisis.

But U.S. officials said they were still reviewing terms of the accord. At the Pentagon, officials also said the buildup in the Gulf area would continue. About 500 more U.S. soldiers were en route to Kuwait, to join a regionwide force of 28,000.

"Whatever happens, we will be looking for action, not words" from Iraq, said James Rubin, the State Department spokesman.

The tentative agreement, worked out in a three-hour meeting in Baghdad between Mr. Annan and Mr. Saddam, was cautiously welcomed in most national capitals.

Some U.S. congressional leaders, however, voiced sharp skepticism that Mr. Saddam could be trusted to fulfill his side of the agreement.

Republicans said that while it would probably defuse the immediate crisis, it appeared to let Mr. Saddam off too easily.

"It may not be good enough," said the Senate majority leader, Trent Lott of Mississippi, a Republican. The Clinton administration, he said, is "in a box" — faced with two unpalatable alternatives: accepting a possibly flawed agreement or defying strong opposition among U.S. allies to the use of force.

Facing the imminent threat of military action led by the United States, coupled

with mounting diplomatic pressure from the UN and several of its members, Iraq agreed to bave given in on most of the curbs it sought to place on inspections.

Mr. Clinton said Monday that he had spoken at length with Prime Minister Tony Blair of Britain, who has stood by the United States in its threats of military force if deemed necessary.

The president spoke to Mr. Annan late Sunday and was also conferring Monday with President Boris Yeltsin of Russia and President Jacques Chirac of France.

Russia praised the agreement, and France said it hoped the accord lived up to expectations.

Britain said it was encouraged but wanted more details. Foreign ministers of the European Union, meeting in Brussels, welcomed the accord. While its details have not officially been made public, The New York Times said that these outlines had emerged during Mr. Annan's three days of meetings in Baghdad:

• Iraq agrees to permit inspections of the eight presidential sites, including buildings and grounds in three Baghdad compounds; three around Tikrit, the city north of Baghdad where Mr. Saddam was born; one in Mosul, on the edge of the Kurdish region in northern Iraq, and one in the southern port city of Basra.

• Iraq drops its insistence — a potential "deal breaker," U.S. diplomats had said — on a time limit of 60 days for UN inspectors to visit the presidential sites. This shift reportedly came only after Mr. Annan asked the ambassadors of France and Russia to make it clear to Iraq that their countries would no longer accept such a deadline.

• Search teams will include experts of

the UN arms commission, but they will be accompanied by diplomats representing the five permanent members of the Security Council: the United States, Britain, France, China and Russia. That shift could be portrayed by Iraq as a dilution of the strong American presence on the inspection teams, the source of repeated Iraqi complaints.

• The deal apparently includes clauses about respecting the dignity and sovereignty of Iraq. This reportedly is in response to Iraqi charges that inspectors have sometimes barged into buildings, including residences, like police mounting a criminal raid.

Even so, many questions remained: Will there be new problems in a few weeks when inspectors seek access to other presidential palaces beyond the eight presidential sites? How firm an undertaking bad Iraq provided not to block inspectors? How large will the teams be? Will the UN commission maintain complete control over its inspections?

Mr. Rubin, asked about diplomats joining the UN inspectors, called it an "unobjectionable" detail. "That's a flourish, a bell or a whistle or whatever you want to call it," he said.

Both Britain and the United States said that the agreement would vindicate their threats of force against Mr. Saddam.

In Brussels, after a meeting of European Union foreign ministers cautiously welcomed the accord. Foreign Secretary Robin Cook of Britain said the EU would insist on a new Security Council resolution on arms inspections so that Mr. Saddam would have "no room for argument" in the future.

TETHER: Cellular-Phone Firms Can Tell Where You've Been

Continued from Page 1

Renata Cosby, a spokeswoman for Swisscom, the nation's dominant phone company, said last week that the company released such information only on a judge's order. Switzerland, like most European countries but unlike the United States, has privacy laws prohibiting collection of personal data without a specific business purpose.

Police elsewhere have found such information useful. A London prosecutor, Victor Temple, said he had used data from cell-phone records to convict a drug dealer of murder last year. The records showed calls converging at the scene of the murder, which helped to persuade a jury that the man's alibi was false.

In the United States, those who favor installing more advanced position-sensing equipment in cellular systems generally cite emergency services as a reason. By April of this year, the Federal Communications Commission will require cell phone companies to include approximate position information when passing along a call made to the "911" emergency-services number, and within three and a half years, the companies will have to be able to specify the caller's location to within 125 meters (400 feet).

The position information required by the first phase is simply the location of the cellular antenna that is processing the

call. In rural areas, a single antenna can serve an area, or cell, with a 25-mile (40-kilometer) radius; in cities, they serve cells only a few blocks in diameter.

But the second phase, which will begin in October 2001, will require special equipment. The industry is experimenting with two basic technologies that have very different implications for privacy: an "infrastructure" solution, in which position-sensing equipment would be installed on each antenna tower, and a "handset" solution that would incorporate global position sensing technology in each cellular telephone.

Privacy advocates prefer the handset solution because it would allow the caller to control who his or her position was given out.

Any system built into the tower's electronics, on the other hand, would be able to monitor the precise location of a cell phone whenever it was turned on. This information could be archived or used to build sophisticated customer profiles.

But the Federal Communications Commission is subtle, if inadvertently encouraging, phone companies from requiring them to be able to find the position of two-thirds of all cellular calls, including calls made with old handsets. Global-position sensing would be available only with new phones.

What bothers privacy advocates in the

United States is that law-enforcement agencies are lobbying for cellular tracking data. The FBI is pushing for access to position information when it has a warrant to tap a cellular phone.

For the most part, proponents play up the safety benefits of the cellular emergency call design, known as E911.

Dan Phythian, chief of the Federal Communications Commission's Wireless Telecommunications Bureau, said E911 would improve safety, which he said was a major reason people buy cellular phones. Even so, he said, "there also could be privacy concerns that emerge, which the FCC may need to address."

But because the two technologies have different potentials for abuse, some privacy advocates say it may be dangerous to wait until technical standards are set to address privacy concerns. Others argue that the battle should shift to legal standards because limits would be required with whichever technology is adopted.

"The companies are always going to think up new and better products that use location information," said James Dempsey, senior counsel at the Center for Democracy and Technology, a civil-liberties group. "We should concentrate on the legal standard for government access."

"Law enforcement is right that this technology may help track kidnappers," he said. "But it's also going to help the kidnappers stalk their victims."

JOBS: U.S. Ponders Quotas

Continued from Page 1

tration was negative. But confidential White House documents show that the administration is now considering proposals that would increase the quota by 50 percent or more. The administration contends that any increase should be linked to education, training and new protections for American workers.

The debate comes in the context of a tight labor market. Overall, the national unemployment rate last year, averaging 4.9 percent, was the lowest since 1973.

One industry group, the Information Technology Association of America, sees "a severe shortage of competent and skilled information-technology workers." It says there are 346,000 vacancies, representing 10 percent of all the jobs for computer programmers and engineers and systems analysts.

The Commerce Department predicts that the United States will need more than 1.3 million new information-technology workers — an average of 133,000 a year — in the coming decade.

Style

TOMORROW:
STAGE

Between Creativity and Profit: The London Pacemakers



By Suzy Menkes
International Herald Tribune

LONDON — Finishing the curtain for another year in Iraq, as now seems likely, the United Nations is then likely to continue a long-term surveillance.

The Clinton administration is likely to have anything to do with it, so long as Saddam is alive," Samuel K. Berger, national security adviser, last weekend.

Evening U.S. alarms, Foreign Secretary Robin Cook of Britain called for military pressure as the factor in a justification of war, and he has been pursuing further political pressure on Saddam to get a deal."

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Monday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.

The Associated Press

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INTERNATIONAL BUSINESS / FINANCE

TUESDAY, FEBRUARY 24, 1998

PAGE 13

HSBC Sees Tough Year Over Loans**Bank Triples Provisions As It Posts 8% Profit Rise**By Philip Segal
International Herald Tribune

HONG KONG — HSBC Holdings PLC, the global banking powerhouse that makes most of its money in Asia, said its net profit rose 8 percent in 1997, less than expected, and it more than tripled its provisions for bad debts in Asia and warned that 1998 would be rockier.

HSBC, the largest banking company in both Britain and Hong Kong, is now based in London, but the company traces its origins to Hongkong & Shanghai Banking Corp. Its net profit rose to £3.36 billion (\$5.5 billion), the holding company said. Analysts had expected an increase of at least 10 percent.

The results were announced after the stock market closed higher in Hong Kong on hopes of solid earnings from HSBC. The company's stock rose 4 Hong Kong dollars to close at 204 dollars (\$26.55). In London, where the stock is also traded, it rose 47 pence to close at £16.13.

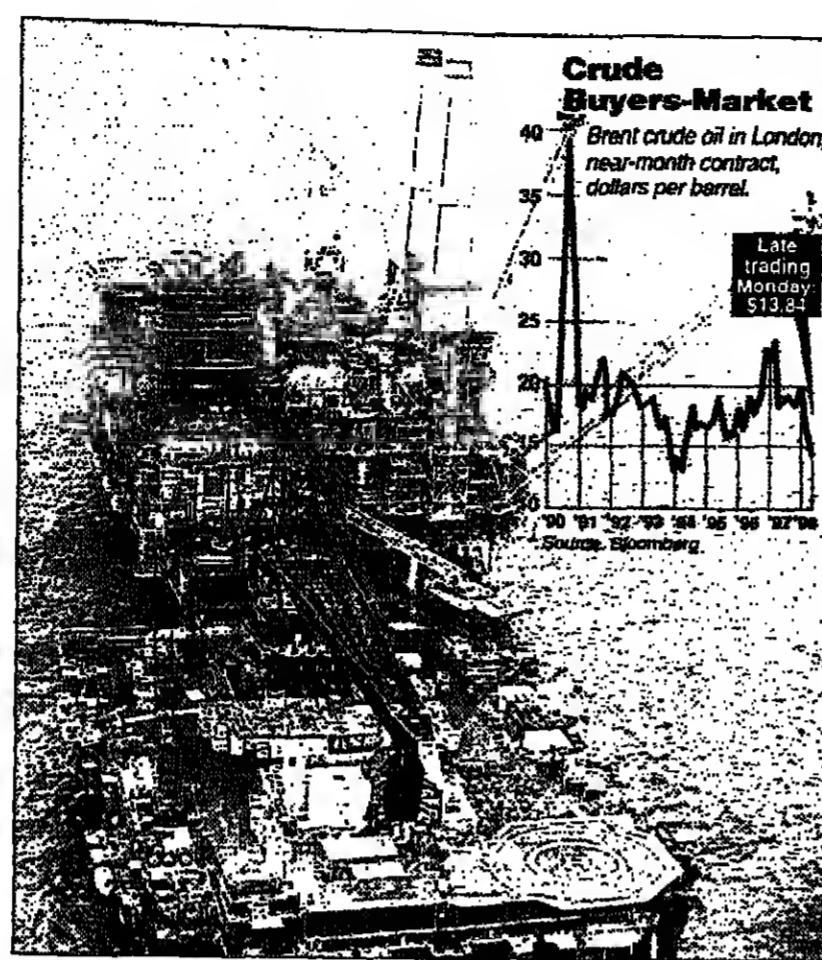
HSBC indicated in its earnings report that the most serious consequences of the region's financial crisis had yet to be seen. Given that the company is one of Hong Kong's healthiest banks, that could spell poor results for many of the region's other banks, most of which report their earnings this week and in early March.

"The coincidence of weak exchange rates, significantly lower stock-exchange levels and high interest rates in many countries," said William Purves, HSBC chairman, "has led to a deterioration in credit quality, the full impact of which is only beginning to emerge."

The company said its exposure to borrowers in the Asian countries that sought bailouts from the International Monetary Fund in 1997 — South Korea, Indonesia and Thailand — represented less than 2 percent of its assets at the end of last year.

Earnings at HSBC's largest unit, the

See HSBC, Page 18

**Kim Aims to 'Front-Load' Seoul Reforms Before Pain Kicks In**By Don Kirk
International Herald Tribune

SEOUL — President-elect Kim Jong Il's advisers are counting on South Koreans to rally behind his program of economic reform in the honeymoon period after his inauguration Wednesday, but they fear a sharp backlash when the prolonged recession sets in later in the year.

"Our aim is to front-load our toughest economic policies early on while the president enjoys his highest popularity," one of Mr. Kim's senior economic advisers, You Jong Keun, said in an interview Monday. "By the time the pain of reform starts to bite, we hope the reform process will have progressed to the extent it cannot be reversed."

That strategy comes from Mr. Kim's precarious position as a one-time political prisoner about to take charge of a coalition government.

Elected president in December in his fourth attempt with barely 40 percent of the votes, Mr. Kim has vowed to combat the power of the *chaebol* or conglomerates that dominate the South Korean economy. But he needs conservative support in the National Assembly, where the outgoing government has a majority.

Mr. Kim's advisers say that getting economic reforms through the legislature will be more difficult the longer it takes. Mr. You said he feared that Koreans "are not fully aware of the magnitude of the problem" and "are losing their sense of urgency" about the need for reform.

Ironically, Mr. You said, praise for Seoul's reform efforts from the International Monetary Fund, the agency responsible for piecing together a \$60 billion bailout package in December, has contributed to the sense of apathy about immediate reform measures.

"It doesn't help to hear from im-

ternational experts who say Korea has turned the corner," said Mr. You, governor of North Cholla Province, a Kim stronghold. "With respect to the financial crisis, we're just beginning to turn the corner."

While such optimism was "a vote of confidence in our new government," Mr. You said, "it gives a false sense of security to Koreans."

The mood here has been one of growing confidence in Seoul's ability to deal with economic crisis ever since a negotiating team, which included Mr. You, persuaded representatives of international creditor banks last month to roll over \$24 billion in short-term debt into bonds maturing in one to three years.

Mr. Kim's advisers point out, however, that the country has to pay more than \$10 billion in debts due in March and that both domestic and foreign banks are reluctant to extend fresh credit.

Mr. Kim has estimated South Korea's foreign-exchange reserves at \$15 billion, half of what the IMF has stipulated as the minimum needed for fiscal security, though he predicted the reserves would reach \$30 billion by June.

"In the short term, things will get worse," said Peter Bartholomew, managing director of Industries Research & Consultants. "Many companies are down to four, three, two or even one day of work a week. The inventory of materials will be depleted by the end of March. All they're importing are critical materials like oil, iron ore, coking coal and medicines."

Mr. Bartholomew foresees a pattern in which "bits and pieces" of failure are "growing into larger chunks, and the food chain of the economy is slowly being shut down."

The government sought to give the *chaebol* some of the means to reform

themselves with a new law recently accepted by labor unions that allows large-scale layoffs. But the Korean Confederation of Trade Unions, which has 600,000 members in such sectors as auto-making and shipbuilding, threatens strikes and walkouts if companies "abuse" this right or overlook requirements that they discuss layoff plans with union leaders and dismiss workers only in cases of "emergency."

The confederation, however, appears reluctant to press as hard on the issue as some of its members have demanded.

Workers at Hyundai Motor Co.'s main plant in Ulsan, on the southeastern coast, said Monday they would protest the suspension of five of the automaker's lines amid sagging domestic sales.

Earlier, Hyundai said it had agreed on price increases with its tire suppliers.

See KOREA, Page 18

Thinking Ahead / Commentary**Global Economy Needs Salesmanship**By Reginald Dale
International Herald Tribune

WASHINGTON — A worthwhile attempt to improve and streamline the rules governing international investment has become the latest target of zealots seeking to stem the tide of economic globalization by fair means or foul.

The campaign against a proposed Multilateral Agreement on Investment, currently being negotiated by the 29 members of the Organization for Economic Cooperation and Development, has reached a level of hysteria out of all proportion to reality.

One opponent, Jack Lang, the former French minister of culture, maintains that the agreement would create "a kind of world economic soviet" to promote the interests of large corporations, beyond the reach of popular control, and jeopardize the future of European integration.

Others have made wild charges that the proposed agreement would prevent action to head off future Asian-style financial crises and that it would have kept apartheid alive in South Africa by barring economic sanctions against the former white-minority government.

There is absolutely no evidence for any of these extravagant claims, which are based on little more than pure fantasy. In fact, the international business community is displeased that many of the more ambitious aims of the

exercise, such as the elimination of double taxation, have been dropped.

The truth is that much of the proposed accord, intended to ban discrimination against foreign investment, reflects existing international policies and agreements. Many of the critics' more serious objections have been met. What's more, following inconclusive high-level talks in Paris last week, the whole thing could fail.

But none of that is likely to stop the propaganda barrage against the agreement, which is fast becoming a textbook case of how a relatively small number of activists, usually claiming to represent labor and environmental causes, can undermine economic liberalization initiatives.

Although such initiatives are generally beneficial — the agreement, for instance, would help to make investment more efficient, generating more jobs, higher growth and improved living standards — they also need to be clearly explained by governments if their advantages are to be properly understood.

If governments do not carefully prepare the political ground, as they have lamentably failed to do for this agreement, the way is left open for the activists to launch potentially devastating misinformation campaigns.

The technique has become depressingly familiar. First come allegations that the international agreement in question has been hatched in complete secrecy, or that its implications are

being deliberately kept hidden from the general public.

Next is a claim that the whole thing is a conspiracy cooked up by multinational corporations with the aim of evading government controls. Finally, the agreement is said to erode national sovereignty, threaten the environment and jeopardize the jobs and wages of ordinary workers.

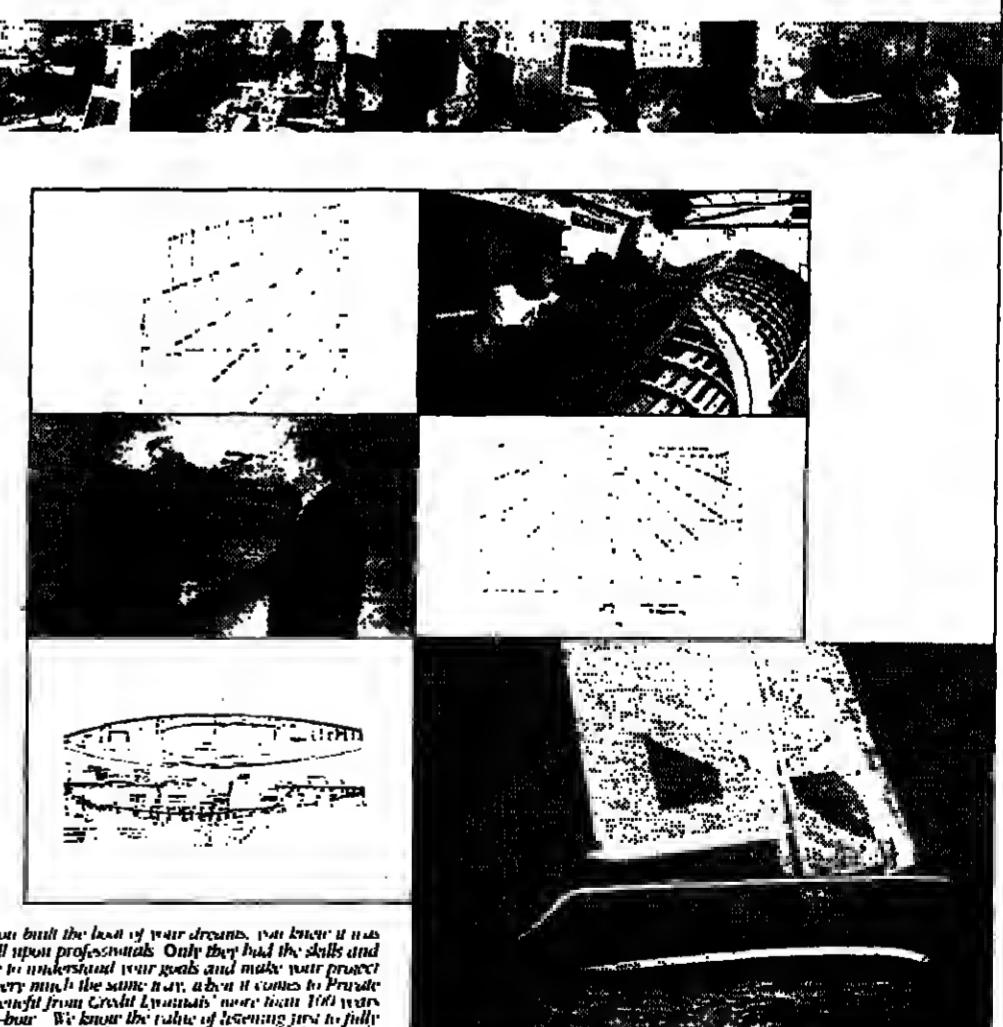
In the United States, these one-size-fits-all allegations were used unsuccessfully against the North American Free Trade Agreement and the establishment of the World Trade Organization and more recently, and with greater effect, against President Bill Clinton's request to Congress for renewed "fast-track" trade negotiating authority.

The success in blocking "fast track" has emboldened the opponents of the proposed accord — even though most of their assertions are demonstrably false. It is just not true that the agreement has been negotiated in secret or that labor and environmental representatives, and other interested parties, have not been consulted.

Big difficulties remain to be settled, mainly between the United States and the European Union, on issues such as the protection of national cultural assets, subsidies and economic sanctions. There may in the end be no agreement.

That would be a pity, but not a tragedy. The tragedy would be if elected governments failed to learn that they must get smarter than the saboteurs who seek to disrupt the global economy.

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CURRENCY & INTEREST RATES									
Feb. 23 Libid-Libor Rates									
Cross Rates		Per S		Per £		Per F		Per D	
U.S. dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Japanese yen	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
British pound	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
French franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Swiss franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Canadian dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Australian dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
New Zealand dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Other Dollar Values	Per S	Per £	Per F	Per S	Per £	Per F	Per S	Per £	Per F
U.S. dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Japanese yen	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
British pound	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
French franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Swiss franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Canadian dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Australian dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
New Zealand dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Forward Rates	30-day	60-day	90-day	30-day	60-day	90-day	30-day	60-day	90-day
U.S. dollar	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Japanese yen	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
British pound	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
French franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833	1.3833	1.3833
Swiss franc	1.3721	1.3955	1.3955	1.3721	1.3714*	1.3861	1.3833		

THE AMERICAS

**'Emotions' Bar Caterpillar Deal****UAW Members Vote Down Proposal to End 6½-Year Battle**

PEORIA, Illinois — The United Auto Workers union's rank-and-file members have rejected both their leaders' advice and a contract offer from Caterpillar Inc. that would have ended a six-and-a-half-year labor battle, one of the longest in the United States.

The contract was rejected by 58 percent of the members voting during the weekend. Caterpillar has more than 12,000 UAW-represented employees. A key issue that turned the vote against the contract was a provision that some workers who the union said had been illegally fired during a strike would not automatically get their jobs back, union members said.

At the same time, they pointed out, the proposed six-year contract called for all workers who had crossed picket lines when the UAW struck Caterpillar to be given an

amnesty by the union.

"That was really the thing it hinged on," George Boze, vice president of UAW Local 974 in East Peoria, Illinois, said. "It was the emotional issues."

Wayne Zimmerman, Caterpillar's vice president, said Monday that the company was disappointed by the rejection but would continue with business as usual.

He would not speculate on when the two sides might return to the bargaining table or discuss whether Caterpillar would give ground on some of the issues that seemed to sway the union voters.

"I don't have an answer to where we are going with negotiations today," he said. UAW leaders had recommended approval, saying the proposal was better than one that was rejected in December 1995.

But union members did not like it any better, ensuring that the world's

largest maker of tractors and construction equipment still would not have a contract with the UAW. The last one expired Sept. 30, 1991.

The deal, according to the written description given by UAW members, also lowered wages for new workers while giving the Peoria-based company greater power to limit overtime and use temporary workers. It also required the union to drop unfair labor practice complaints against Caterpillar.

The contract would have given current Caterpillar workers raises and increased pension benefits, along with job security until 2004.

The agreement would have covered about 13,000 Caterpillar workers, most of them in plants in Aurora, Decatur, East Peoria and Pontiac, Illinois. It also affected smaller numbers of members in Pennsylvania, Colorado and Tennessee. (AP, Reuters)

Cadbury to Expand Its Network in U.S.

Compiled by Our Staff From Dispatches

LONDON — Cadbury Schweppes PLC said Monday it would buy stakes in two U.S. bottlers, helping it expand distribution of 7-Up, Dr Pepper and its other brands in America.

Cadbury will spend \$73 million (\$120 million) for a 40 percent stake in American Bottling Co., a joint venture with the Washington-based Carlyle Group, an investment company. American Bottling will in turn acquire Michigan-based Beverage America and Select Beverages of Chicago.

The deal was viewed as an important step by Cadbury to try to secure its soft-drink distribution system. Cadbury is third behind Coca-Cola Co. and Pepsi-Cola Co. in the \$5.4 billion U.S. soft-drink market.

More than half of Cadbury's Dr. Pepper/Seven-Up's products are now bottled by Coca-Cola and Pepsi distributors. Some analysts

had expressed concern that Cadbury might buy a bottling operation outright, leaving it financially exposed to a notoriously difficult and fragmented market.

Last month, Cadbury renewed a distribution deal with Coca-Cola Enterprises, Coke's bottling operation, but industry specialists have said the relationship between Cadbury and the big two U.S. drinks makers could break down if competition intensified.

John Sunderland, Cadbury chief executive, said, "Today's announcement emphasizes our commitment to reinforcing our route to market for 7-Up and our other flavor brands in the U.S. soft-drinks market."

He said the joint-venture approach "enables us to improve the strategic alignment between Dr. Pepper/Seven-Up and its key bottlers in a manner which limits our capital investment."

(AP, Reuters, Bloomberg)

Iraq Accord Pulls Down Oil Shares

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were mixed Monday, pulled down by a decline in oil shares after the United Nations reached an accord with Iraq on inspections of suspected weapons sites, although computer-related shares gained.

The accord with Iraq removed a threat to the near-perfect scenario of steady growth with low inflation that underpinned the market's rise of the last three years, investors said.

"If we're going to have peace and

U.S. STOCKS

not war, people want to have money in the market," said Joseph McAlinden, chief investment officer at Dean Witter First Capital Inc.

The Dow Jones industrial average fell 3.74 points to end at 8,410.20, but the Standard & Poor's 500 Index was up 3.93 points at 1,038.14.

Microsoft climbed 4 to 81.94 after a 2-for-1 stock split, leading the technology-heavy Nasdaq composite index up 23.63 points to 1,751.76, a record close. The Nasdaq last set a record Oct. 9 at 1,745.85.

The Nasdaq advance was dominated by high-tech bellwethers: Dell Computer rose 4% to 130 15/16, and Intel climbed 2% to 94 3/16.

Bond prices fell amid concern that the Federal Reserve Board's chairman, Alan Greenspan, who testifies before Congress on Tuesday, may

suggest that Asia's slowdown will not have a big impact on the U.S. economy.

"I wouldn't take any big bets" on Treasury issues before Mr. Greenspan's remarks, said Jack Abbin of Barnett Capital Advisors in Jacksonville, Florida. The Fed chairman may indicate "the Asian situation is not going to pare our economy as much as he originally thought," Mr. Abbin said.

The benchmark 30-year Treasury bond fell 14/32 to 103 4/32, driving its yield up to 5.90 percent from 5.86 percent Friday.

Crude-oil prices fell from already depressed levels on concerns that Iraq might also work a deal to begin

selling its oil, compounding an already saturated market.

The potential impact on revenue for big oil producers hurt their shares. Chevron fell 2 3/16 to 77, and Exxon dropped 1 1/16 to 62 1/2.

Their declines offset a big gain from Merck after the Food and Drug Administration cleared the drug-maker to sell its Singulair asthma treatment.

Minnesota Mining & Manufacturing, which makes a competing asthma inhaler, fell.

DoubleClick rose 3 1/4 to 30. The Internet-advertising concern sold 3.5 million common shares for \$17 each in an initial public offering.

(AP, Bloomberg)

Survey Sees a Shortage of Workers

Agence France-Presse

WASHINGTON — U.S. employers will face a continuing struggle to find qualified workers at least until the middle of the year, according to a survey released Monday by Manpower Inc., the temporary employment agency.

"It is quite clear that the business community is hungry for people with the right skill profiles and that demand is not being sufficiently met by the available worker population," said Mitchell Fromstein, chairman of Manpower.

Mr. Fromstein said there was "increasing competition" among companies for workers with high skill levels, while "even at the lowest skill levels," there were fewer people seeking jobs.

The survey found that of 16,000 businesses contacted, 30 percent planned to recruit staff in the second quarter, 61 percent foresaw no changes, 5 percent planned staff decreases and 4 percent were uncertain.

Three months ago, 24 percent said they would increase employment, and 10 percent expected cuts.

yen after the UN secretary-general, Kofi Annan, signed the agreement with Deputy Prime Minister Tariq Aziz of Iraq.

"The dollar's getting hammered across the board," said Ben Strauss of Bank Julius Baer, who said he, too, had sold the currency.

In 4 P.M. trading, the dollar fell to 1.7960 DM from 1.8213 DM on Friday and slipped to 127.900 yen from 127.955 yen.

Against other currencies, the dollar fell to 1.4495 Swiss francs from 1.4690 francs and to 6.0185 French francs from 6.1160 francs. The pound rose to \$1.6470 from \$1.6380.

The dollar could resume its climb against the yen in the weeks ahead amid perceptions that Japan is not doing enough to lift its economy out of a slump and dwindling chances that G-7 central bankers will try to stem further yen weakness.

"The G-7 was in fact not concerned with yen weakness and gave no hint of intervention," said Jeremy Fand of BankBoston, "and the Japanese made it clear they aren't going to adopt any additional fiscal stimulus."

Reduced Tension Over Gulf Leads to a Dollar Sell-Off

Bloomberg News

NEW YORK — The dollar fell against most other major currencies Monday as signs that the Gulf crisis might be abating eroded demand for it as a haven.

The dollar retreated after an early surge against the yen, brought on after finance officials from the Group of Seven leading industrialized nations did not suggest at their

weekend meeting in London that they would take steps to bolster the sagging Japanese currency. The UN-Iraq accord, reportedly allowing for nearly unconditional United Nations access to all suspected weapons sites, eased concern that the United States might use air strikes against Iraq.

"With U.S.-Iraq tensions easing, there's a flight out of quality, and that's weighing on the dollar against the mark," said Nick Shammah of ANZ Bank in London.

Many traders bought dollars in recent weeks in response to the possibility of conflict in the Gulf. They sold them for Deutsche, marks and

Swiss francs.

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INTERNATIONAL FUTURES

Feb. 23, 1998

	High	Low	Latest	Close	Chg.	Optn.
GRANDE JUICE (DNC10)	12.00	11.95	12.00	12.00	+0.25	12.00
CORN (CBOT)	10.00	9.95	10.00	10.00	+0.25	10.00
5,000 cu ft natural-gas cents per thousand cubic feet	10.25	10.20	10.25	10.25	+0.25	10.25
IRON (NYMEX)	102.95	102.90	102.95	102.95	+0.25	102.95
Aluminum (LME)	103.50	103.50	103.50	103.50	+0.25	103.50
Grains	102.00	101.95	102.00	102.00	+0.25	102.00
SOYBEAN MEAL (CBOT)	118.00	117.95	118.00	118.00	+0.25	118.00
100 lbs - sacks per ton	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
SOYBEAN MEAL (CBOT)	118.00	117.95	118.00	118.00	+0.25	118.00
100 lbs - sacks per ton	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
GOLD (COMEX)	410.00	409.95	410.00	410.00	+0.25	410.00
100 oz troy - dollars per ounce	410.00	409.95	410.00	410.00	+0.25	410.00
MAR 98	409.80	409.75	409.80	409.80	+0.25	409.80
SOYBEAN OIL (CBOT)	118.00	117.95	118.00	118.00	+0.25	118.00
55 lbs - gallons per barrel	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
SOYBEAN OIL (CBOT)	118.00	117.95	118.00	118.00	+0.25	118.00
55 lbs - gallons per barrel	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
HIGH-SPEC COPPER (COMEX)	31.00	30.95	31.00	31.00	+0.25	31.00
100 lbs - pounds per pound	31.00	30.95	31.00	31.00	+0.25	31.00
MAR 98	30.80	30.75	30.80	30.80	+0.25	30.80
HEATING OIL (NYMEX)	118.00	117.95	118.00	118.00	+0.25	118.00
40,000 bbls - cents per barrel	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
LEAD (COMEX)	118.00	117.95	118.00	118.00	+0.25	118.00
50 lbs - cents per pound	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
EURODOLLARS (CHM)	118.00	117.95	118.00	118.00	+0.25	118.00
\$1 million bills - \$ per million	118.00	117.95	118.00	118.00	+0.25	118.00
MAR 98	117.80	117.75	117.80	117.80	+0.25	117.80
INDIAN GOVERNMENT BOND (LIFFE)	118.00	117.95	118.00</			

EUROPE

Government Plans to Sell a 30% Stake in Air France

Compiled by Our Staff From Reuters

Cadbury to Expand Work in U.S.
had expressed concern that Cadbury might buy a bottling operation outright, leaving it difficultly exposed to a more difficult and fragmented market distribution deal with Caco Enterprises, Coke's operation, but industry sources said the relationship between Cadbury and the U.S. drinks makers could be down if competition increased.

John Sunderland, Cadbury's chief executive, said, "The announcement emphasizes our commitment to reinforcing our market for 7-Up and other flavor brands in the soft-drinks market." He said the joint-venture "enables us to pursue the strategic alignment between Dr Pepper/Seven-Up and bottlers in a manner which our capital investment."

AP, Reuters, Bloomberg

PARIS — In a move to cut costs and make the airline more attractive to potential partners, the French government said Monday that it would sell up to 30 percent of Air France to the public and the airline's employees, while keeping a majority stake in the firm.

Finance Minister Dominique Strauss-Kahn said 20 percent of the national airline would be sold this year in an initial public offering — 17 percent will be offered to the public and 3 percent to employees. An additional 10 percent will be offered to pilots and managers in exchange for a 15 percent wage cut aimed at lowering costs.

The government would hold 53 percent of the airline under the plan. It hopes to raise 3 billion francs (\$492 million) from the sale, according to some reports.

The sale, which is expected to value the company at about 20 billion francs, will make it easier for Air France to forge international partnerships. European rivals Alitalia SpA and Iberia Lineas Aerea de Espana ended talks with Air France on forging alliances and the company has also struggled to strike trans-Atlantic partnerships.

"The sale is of vital importance to Air France," said Francois-Marie Wojcik, a fund manager at CCR Actions. "As long as it remains in state hands, it will always miss out on much-needed alliances because of concern about state interference."

Dong McVine, a senior analyst at Teal Group, an aviation consultant, said: "It's a sign that the carrier is awakening to commercial realities."

In the next five years, Air France plans to spend 40 billion francs to improve its fleet and add new routes. Transport Minister Jean-Claude Gayssot said Monday:

"The sale of a minority stake would have to be priced competitively to attract investors, but recent improvements in the business should ensure that the operation is a success."

Air France has not always enjoyed a positive image among international investors, and the government's retention of a controlling stake in the company could deter some potential buyers, the analysts said.

Christian Blanc left as chairman in September because he was unable to persuade the government to privatize the company fully.

One of the main attractions of the shares will be the turnaround that

has been engineered in the company's performance in recent years.

The company reported net profit for the first half to September of 1.762 billion francs, up from 597 million a year earlier, and said earnings for the full year to March will be close to the first half level. An earlier forecast of net profit was around 1 billion francs.

The sale announcement comes as

Transport and Foreign Ministry of

ficials in France prepare for a round of negotiations on a new air treaty with the United States. Such treaties govern how many airlines may serve a given market and how much capacity they can offer.

France is now the only country in Europe without an air treaty with the United States. The French threw out their U.S. treaty in 1992 to shelter their national carrier from competition.

(AFX, Bloomberg)

BA Seeks Bids for a 100-Jet Order

Compiled by Our Staff From Reuters

LONDON — British Airways PLC said Monday it needed as many as 100 new jets and wanted Boeing Co. and Europe's Airbus Industrie consortium to bid for the order, which it valued at as much as \$3.2 billion.

The manufacturers have until March 16 to complete their initial bids for the contracts to replace aging planes at four regional European-based subsidiaries of British Airways. BA has historically used Boeing rather than Airbus planes for its fleet.

The rival aircraft makers both expressed immediate interest in competing for the orders.

Susan Bradley, a Boeing spokeswoman in Seattle, said she was sure Boeing would "pursue an opportunity of that magnitude very aggressively," and we are now in the markets that we want to be in," Sir Ian said.

The £1.76 billion (\$2.91 billion) acquisition of Inter-Continental Hotels & Resorts chain has left the British brewing and leisure company well-positioned for the next five years, Sir Ian Prosser, the chairman of Bass, said Monday.

"I think we have re-established and restructured our asset base very successfully, and we are now in the markets that we want to be in," Sir Ian said.

The £1.76 billion (\$2.91 billion) acquisition of Inter-Continental

from Saison Group of Japan means that Bass, which beat rival bids from Marriott International Corp. and Patriot American Hospitality Inc., has widened its reach as an international upmarket hotel company. The deal helped lift Bass shares Monday to £10.19, up 50 pence.

Analysts said that although the price, at 16 times Inter-Continental's

1997 profit, initially looked expensive, the deal will produce cost savings and strong growth potential.

Fraser Ramzan, an analyst at Lehman Brothers, said: "Cost savings, revenue enhancements and the company's ability to invest in the business promises a 12 percent return in year four. Bass has found a home for its cash which will give plenty of value for shareholders over the medium term."

Bass already owns Holiday Hospitality, whose brands include Holiday Inn, Crown Plaza and Staybridge Suites. Holiday Hospitality operates or franchises about 2,400 hotels in nearly 50 countries. Most of Inter-Continental's hotels are in Europe, the Middle East and Africa, where Holiday Inn is weak.

The hotel chain came up for sale because Saison had come under pressure to cut debt, and the collapse in Asian financial markets forced it to drop plans for a separate flotation. Saison suffered losses in its core supermarket chain, Seiyu Ltd.

Shares in both companies soared on the news. Gist-Brocades closed up 4.90 at 64.90, while DSM gained

added, "British Airways is currently flying 10 of our aircraft, and we would be happy to provide more."

Bob Ayling, British Airways' chief executive, said: "We want to look at what both Boeing and Airbus have to offer and will accept the best proposal. Airbus has an equal chance of success. We hope to make a final decision before the summer."

BA said 30 planes would be needed on its British Airways Regional operation by September 1999, a purchase that could be worth \$960 million.

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EuroGarwick. That deal could be worth \$2.2 billion, the company said. Air Liberte flies from Paris's Orly Airport and serves 50 European destinations. Deutsche BA, based in Munich, flies to seven German cities and Gatwick Airport in England. EuroGarwick operates 41 short-haul routes in Europe and Britain from Gatwick.

The airline said it was looking at Airbus Industrie's A319, A320 or A321 or Boeing's 737 series for the short-haul order.

The majority of BA's current planes are Boeing 737s, 747s, 757s, 767s or 777s, but the airline said it also had 10 Airbus A320s, seven McDonnell Douglas DC-10s and seven Concorde.

Mr. Ayling said the new aircraft would enable the company to meet noise regulations that will come into effect in 2002 as well as to save money by reducing costs.

(AP, AFP)

Deal for Inter-Continental Helps Bass Move Upscale

Reuters

LONDON — Bass PLC's acquisition of the Inter-Continental Hotels & Resorts chain has left the British brewing and leisure company well-positioned for the next five years, Sir Ian Prosser, the chairman of Bass, said Monday.

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2.70, to 203.50. Mr. de Bree said that on the basis of 1997 figures, the combined group would have revenue of 14.6 billion guilders, of which some 25 percent, or 3.7 billion guilders, would derive from pharmaceutical and food ingredients.

DSM said it offers in cash and shares valued Gist at 66 guilders per share, a 30 percent premium to its recent market price.

Mr. de Bree said DSM's strength in organic fine chemicals and Gist's complementary expertise in fermentation and enzyme technology would provide a sound base for profit growth. DSM expects the

takeover to be neutral for earnings per share in 1998 but said the synergies released by bringing the two businesses together would generate an extra 50 million guilders a year in operating profits.

Herman Scheffer, the Gist chairman, who will join the DSM board if the deal goes through, said the accord would give Gist the financial resources it needed to pursue growth opportunities.

Mr. de Bree said DSM planned to retain and invest in all of Gist's main businesses: industrial pharmaceuticals, bakery ingredients and food specialties.

Very briefly:

- Societe Generale is buying the U.S. investment firm Cowen & Co. for \$615 million. The French banking company will pay \$540 million for the bank and \$75 million to retain certain key staff. It plans to pay 60 percent of the price to Cowen's partners upon signing the deal and the rest in three annuities.

- Invrco SA, a holding company that is managed from Bahrain but registered in Luxembourg, agreed to buy Watmough Holdings PLC, a British printing company, for £250 million (\$409.5 million), topping a hostile bid from Canada's Quebecor Inc.

- Akzo Nobel NV, the largest Dutch maker of chemicals and drugs, said fourth-quarter net income rose 24 percent, to 361 million guilders (\$175.9 million), in line with expectations, as the pharmaceuticals division led gains.

- Britain's gross domestic product for the fourth quarter rose 0.4 percent from the third quarter and 3 percent from a year earlier. Both rates were less than originally estimated as declining industrial output offset the strongest consumer spending in more than eight years.

- Standard Chartered PLC and Barclays PLC denied recent speculation that they were considering a merger.

- Nokia Oy said Finnish shareholders representing ownership of more than 20 percent of the company will propose electing Paul Collins, vice president of Citicorp, and Robert van Oordt, chairman of NKF Holding NV, to Nokia's board.

- Austria confirmed its position among the countries most likely to join the European single currency at its planned outset Jan. 1, as it became the first candidate to submit its 1997 economic data for examination.

- Dresdner Bank AG confirmed a report that it had suspended a manager in its Amsterdam branch amid an insider-trading investigation. The bank, which refused to identify the employee, said the suspension was for an indefinite period while it conducted an investigation.

(Reuter, Bloomberg, AP)

DSM to Acquire Biotechnology Company

Reuters

AMSTERDAM — DSM NV said Monday it planned a friendly 2.9 billion guilder (\$1.45 billion) takeover of Gist-Brocades NV, a Dutch biotechnology company.

The move is intended to create a top supplier of specialty chemicals to the global food and drug industries.

"This will create a powerful new force in pharmaceutical and food ingredients with leadership positions in many markets," the DSM chairman, Simon de Bree, said.

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The Trib Index

Prices as of 4:00 P.M. New York time

Jan. 1, 1992 = 100 Level Change % change Year to date % change

World Index 185.57 +1.62 +0.88 +7.82

Regional Indexes

Asia-Pacific Med 88.44 -0.33 -0.33 +2.47

Europe 213.85 +2.71 +1.28 +10.78

N. America 235.19 +2.12 +0.91 +8.69

S. America 143.36 -0.20 -0.14 -8.10

Industrial Indexes

Capital goods 230.13 +3.90 +1.72 +11.41

Consumer goods 229.81 +2.98 +1.31 +9.57

Energy 190.44 -2.61 -1.35 -2.32

Finance 137.06 +0.86 +0.63 +11.47

Miscellaneous 158.08 +2.22 +1.42 +5.47

NASDAQ

Monday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Monday's 4 P.M. Close
(Continued)

(Continued)										
12 Month High	Low	Stock	DW	Yld	PIE	Sls	100s	High	Low	Lated Chgs
169	14%	NovaSel	.76	6.8	-	1	226	164	164	164
144	12%	NSTFI	.50	5.7	-	1	171	153	153	153
16	14	NSTFI#2	.87	5.7	-	1	250	141	145	155
155	13%	NSTFBG	.83	5.6	-	1	180	155	149	145
474	20%	NEA	.33	1.5	13	1	613	227	224	224
249	13%	OEC Mid	-	-	-	243	245	245	247	+3%
5438	40%	Omega Eng	2.66	5.8	17	1	651	535	535	535
126	49%	Omega Cp	-	-	-	944	124	114	12	+1%
1472	70%	OSEI	-	-	-	1	420	140	97	94
164%	74%	OseiWind	-	-	-	1	233	114	11	111%
224	12%	Orlando	-	-	-	1	25	304	304	+1%
149%	5%	Orion	-	-	-	1	11	11	11	+1%
14	14%	Orion	.04	-	-	1	21	157	157	157
2514	214	Osco-Rep	1.91	8.4	14	1	626	214	214	214
21	24	Oscor	1.80	4.0	-	1	8447	254	254	251
70%	30	OscorEngy	-	-	-	25	334	445	43	+41%
279	14%	Oscorpe	-	-	-	17	1326	166	155	155
28%	12%	OscorPns	-	-	-	1	24	791	285	279
271	12	OticDpt	-	-	-	1	271	7861	259	259
164%	11%	Officemax	-	-	-	23	7059	15	144	147%
28%	19	Ogden	1.36	4.5	19	1	1594	21	21	27%
42	24%	OgkRep	.52	1.2	13	1	961	415	415	415
41%	36	Ohio	1.20	24	-	1	354	457	457	+1%
23	13%	OilCo	2.16	14	15	1	1703	161	154	154
40%	30%	Oilmax	21.88	5.8	44	1	771	374	374	+1%
334%	22%	Omnicare	.06	-	52	1842	357	349	354	+1%
111%	20%	Onex	1.11	33	-	1	33	274	274	+48%
111%	20%	OnexWeb	.44	13	19	1	457	274	250	37
274%	17%	OneWeb	-	-	-	18	203	254	254	+25%
404%	25%	OneWeb	1.20	34	-	1	890	255	244	255
104%	97%	OneWeb	.08	8.1	-	293	109	109	101%	
89%	79%	OpWtBd	.67	8.4	-	1	165	874	779	779
40%	37%	OpWtBd	2.93	8.5	17	1	128	444	421	+44%
81%	61%	OppCo	-	-	-	1	100	654	654	+64%
79%	34%	OrbitEng	-	-	-	1	2669	6	59	57%
29%	15%	OrisSh	.56	2.8	46	1	1766	286	26	201%
41	38%	OrionCp	.64	1.3	12	1	382	451	474	+5%
20%	17%	Oriz	-	-	-	1	494	20	194	194%
10%	15%	Orion	-	-	-	1	3475	251	245	245
26%	20%	Orion#2	-	-	-	1	2776	249	249	+2%
18%	15%	OrisShip	.80	2.0	85	1	2467	124	124	+14%
22%	22%	OwensM	.10	1.1	-	1	1289	354	354	+3%
45	27	OwensC	.30	1.1	24	1	1094	255	255	274%
204%	29	Oxford	.80	1.7	12	1	153	255	255	+1%

P-Q-R

25%	104	PECO	1.00m	5.1	14	4849	19%*	19%	19%	19%	-%
30%	24	PECO	PZ22	8.7	105	25%	25%	25%	25%	25%	-%
31%	24	PECO	Cp 1.20	4.0	17	4933	38%	29%	20%	+%	+%
21%	99	PHP			1745	15	12%	12%	14%	2%	
74	474	PMI Gp	20	3	13	834	74%	54%	53%	53%	-%
34%	374	FNC	1.50	2.9	12	5474	14%	14%	14%	14%	-%
24%	19	PPC	PB 1.67	7.3	12	1189	22%	21%	22%	-%	-%
47%	484	PPC	1.30	2.2	12	4710	63%	47%	47%	47%	-%
26%	244	PPC	PZ22	7.0	12	104	24%	24%	24%	24%	-%
24%	244	PPC	PZ22	7.0	99	25%	25%	25%	25%	25%	-%
164	14%	PPC	1.10m	2.8	12	139	16%	16%	16%	16%	-%
20%	254	PecCan's	4.65	12	12	1344	21%	20%	20%	20%	-%
30%	254	PecCan's	1.52	4.2	12	796	36%	36%	36%	36%	-%
24%	204	PecCan's	1.68	7.5	4	929	22%	22%	22%	22%	-%
30%	111	PecCan's	1.20	4.	12	1459	33%	30%	30%	30%	-%
26%	23%	PecT PTT	1.95	7.3	12	190	25%	25%	25%	25%	-%
27%	194	PecT PTT	2.12	3.6	11	129	24%	24%	24%	24%	-%
37%	184	PecT PTT	4.0	1.1	14	329	24%	24%	24%	24%	-%
7	397	PekWoo's Atip			12	6244	34%	34%	34%	34%	+%
25%	184	PenCo	4.25	2.0	12	2117	20%	20%	20%	20%	-%
22%	184	PenCo	S. 2.1	2.1	12	507	62%	22%	22%	22%	-%
20%	16	Pemont			12	827	24%	24%	24%	24%	-%
26%	144	Pengroh's			12	1344	19%	19%	19%	19%	-%
23%	47M	Pengroh's Tr			2	574	5	4%	5%	+%	
22%	211	Perkeo	3.2	1.8	12	270	30%	30%	30%	30%	-%
17%	71	Perkeo			12	671	10%	10%	10%	10%	-%
41%	27	Perkeo's	6.30	1.3	12	2129	45%	45%	45%	45%	-%
26%	204	Pentra	4.65	1.7	11	1128	50%	49%	49%	49%	-%
10%	616	Pentra	2.00	1.0	12	425	25%	25%	25%	25%	-%
24%	204	Pentra	1.00	1.00	12	320	45%	45%	45%	45%	-%
21%	154	Penter's			12	1077	14%	12%	13%	13%	-%
70%	604	Penter's			12	1068	65%	65%	65%	65%	-%
34%	111%	Potysc			12	92	95	16%	16%	16%	+%
50%	284	Pedofox			12	312	12%	12%	12%	12%	-%
33%	214	Pennent	1.20	4.4	12	134	24%	24%	25%	25%	-%
10%	1044	Pennent			12	1112	4%	3%	4%	4%	-%
21%	204	Pennent	5.0	2.3	12	1058	26%	26%	26%	26%	-%
40%	204	Pennent	2.00	1.0	12	422	55%	55%	55%	55%	-%
27%	204	Pennent	2.00	1.0	12	422	55%	55%	55%	55%	-%
27%	204	Pennent	2.00	1.0	12	422	55%	55%	55%	55%	-%
27%	204	Pennent	2.00	1.0	12	422	55%	55%	55%	55%	-%
21%	154	Penter's			12	177	24%	24%	24%	24%	-%
27%	204	Penter's			12	923	44%	44%	44%	44%	-%
41%	276	Pental	.40	13	12	424	40%	39%	39%	39%	-%
35%	314	Peden	1.92	4.4	12	304	35%	35%	35%	35%	-%
21%	154	PepBoy			12	3514	25%	24%	24%	24%	-%
5%	4	PepBoy			12	231	6%	6%	6%	6%	-%
41%	204	PepBoy			12	3573	35%	35%	35%	35%	-%
35%	229	PepBoy			12	2225	35%	35%	35%	35%	-%
21%	154	PepBoy			12	2225	35%	35%	35%	35%	-%
41%	204	PepBoy			12	1048	47%	47%	47%	47%	-%
25%	174	Peterman	1.20	4.4	12	127	24%	24%	24%	24%	-%
12%	131	Peterman	0.50	12	12	236	18%	18%	18%	18%	-%
42%	316	Pfizer	2.23	4.4	12	234	35%	35%	35%	35%	-%
70%	337	PfizerGeo			12	766	54	52%	52%	52%	-%
37%	415	Pfizer's	.76	5	12	523	35%	35%	35%	35%	-%
41%	37	Premises			12	422	40%	40%	40%	40%	-%
41%	204	Premises	1.00	2.7	12	422	40%	40%	40%	40%	-%
25%	204	Premises	2.00	1.0	12	923	40%	40%	40%	40%	-%
25%	111	Premises	5.00	2.0	12	24	22%	21%	21%	21%	-%
41%	204	Premises	5.00	2.0	12	24	22%	21%	21%	21%	-%
35%	344	Premises	5.00	2.0	12	24	22%	21%	21%	21%	-%
19%	798	Premises	5	12	17111	9%	9%	9%	9%	-%	
34%	17	Prelle			12	502	25	25%	25%	25%	-%
60%	424	PrelleEl	1.1	1.1	12	4774	77%	76%	76%	76%	-%
32%	274	PrelleEl	1.1	1.1	12	502	25	25%	25%	25%	-%
26%	24	Prelle	pcL204	1.0	12	502	25	25%	25%	25%	-%
15%	111	Prelle	1.5	1.2	12	162	12%	12%	12%	12%	-%
41%	204	Prelle	2.0	2.0	12	204	8%	8%	8%	8%	-%
15%	644	Phosphate			12	808	7%	6%	6%	6%	-%
14%	279	PhysRes			12	477	3%	3%	3%	3%	-%
37%	21	Pleating			12	391	30%	30%	30%	30%	-%
26%	109	Pleating	1.20	4.0	12	445	27%	26%	27%	27%	-%
14%	145%	Pleating	1.20	4.0	12	150	25%	24%	25%	25%	-%
21%	91	Pleopt			12	2120	16%	16%	16%	16%	-%
37%	120	Pleopt			12	360	12%	12%	12%	12%	-%
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14%	798	Pleopt			12	917	24%	24%	24%	24%	-%
34%	124	Pleopt			12	185	14%	14%	14%	14%	-%
14%	145%	Pleopt			12	152	25%	24%	24%	24%	-%
42%	279	Pleopt			12	1023	40%	40%	40%	40%	-%
44%	204	Pleopt			12	308	22%	22%	22%	22%	-%
33%	124	Pleopt			12	204	25%	25%	25%	25%	-%
14%	798	Pleopt			12	464	13%	13%	13%	13%	-%

To Expand in U.S.

had expressed concern that Cadbury might buy a bottling operation outright, leaving it financially exposed to a market that is difficult and fragmented.

Last month, Cadbury signed a distribution deal with Coca Enterprises, Coke's local operation, but industry sources have said the relationship between Cadbury and the local U.S. drinks makers could break down if competition intensifies.

John Sunderland, Cadbury's chief executive, said, "The announcement emphasizes our commitment to reinforcing our route to market for 7-Up and other flavor brands in the soft-drinks market."

He said the joint-venture approach "enables us to support the strategic alignment between Dr Pepper/Seven-Up and its bottlers in a manner which is cost-effective for our capital investment."

(AP, Reuters, Bloomberg)

Tension Over G-7 Dollar Sell-off

yen after the UN secretary-general, Kofi Annan, signed the peace deal with Deputy Prime Minister Aziz of Iraq.

"The dollar's getting hammered across the board," said Mark Lewis of Bank Julius Baer, who too, had sold the currency.

In 4 P.M. trading, the dollar rose to 1.7960 DM from 1.7210 Friday and slipped to 1.7210 from 1.7295 yen.

Against other currencies, it fell to 1.495 Swiss francs from 1.4690 francs and to 6.0184 francs from 6.1160 francs. It rose to \$1.6470 from \$1.6380.

The dollar could remain under pressure against the yen in the wake of new perceptions that Japan is strong enough to lift its case of a slumping and dwindling economy. G-7 central bankers will assess further yen weakness.

"The G-7 was in fact concerned with yen weakness, no hint of intervention," Jeremy Fand of BankBoston. "The Japanese made it clear they aren't going to adopt any fiscal stimulus."

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ASIA/PACIFIC

Indonesia Will Delay Its Plan for Rupiah Peg

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia bowed to international pressure Monday and said it would delay pegging its currency to the dollar until its companies could renegotiate \$74 billion in foreign debt.

Finance Minister Mar'ie Muhammad signaled a retreat after the currency proposal was criticized by the International Monetary Fund, which threatened to suspend payments under its \$43 billion bailout of the economy.

But Mr. Mar'ie stressed that preparations for a fixed exchange-rate mechanism were still going forward.

"The president has not made any other decision since he instructed Parliament and the Finance Ministry to prepare for a currency-board system," Mr. Mar'ie said at a parliamentary budget committee hearing.

The proposal sought to stabilize the country's battered currency, the rupiah, which has lost more than 70 percent of its value since the Asian currency crisis started in July. On Monday, the dollar rose to 9,450 rupiah in local trading from 8,900 rupiah Friday.

The currency-board plan has drawn criticism from the United States, European governments and the IMF, which argue that Indonesia will not be ready for such a system until it implements banking and other economic reforms.

Chen Chia Lin, head of economic research at ABN-AMRO Holding NV's trading unit in Singapore, said Indonesia's action indicated it was "coming to terms with international pressure" and that the threat of a \$40 billion loan withdrawal was "too significant a factor to ignore."

Comments that Mr. Mar'ie made Monday signaled the government was retreating from quick implementation of a currency board.

"The matter of restructuring private foreign debt has to be done first, so there won't be a rush to buy dollars," he said. Many large Indonesian companies have failed to service their debts because of the plunge in the rupiah in the past year.

Mr. Mar'ie said that if implemented, the currency board would have to be a credible operation or it would collapse. He also said the government would honor all its foreign and local commitments even if such a system were put in place.

(Reuters, AFP, Bloomberg)



Mr. Mar'ie, Indonesia's finance minister, speaking Monday in Parliament.

Japan Is Firm: No Quick Fix

Yen Falls as Tokyo Brushes Off Pressure From Abroad to Spend

Compiled by Our Staff From Dispatches

TOKYO — Japan stood its ground Monday, refusing to promise quick fiscal measures to stimulate its economy despite fresh evidence of economic weakness and calls from its Group of Seven partners for it to act.

The yen tumbled against the dollar in Tokyo trading, but not as much as many analysts had expected, amid mounting concern over the government's handling of its sluggish economy. The dollar rose to 128.45 yen here from Friday's close of 126.50 yen.

After returning from the G-7 meeting of finance officials in London over the weekend, Finance Minister Hikaru Matsunaga said, "I did not make any pledge to form a supplementary budget for the fiscal year 1998-99, although some media reports said I did."

Earlier, the deputy finance minister, Eisuke Sakakibara, said, "What we said is that we will try to pass the fiscal 1998 budget as quickly as possible." He added that Japan had made no promises at the G-7 meeting about what it might do beyond that. The G-7, which comprises Britain, Canada, France, Germany, Italy, Japan and the United States, singled out Japan for its weak economy and called on Tokyo to bolster the economy with fiscal measures.

"In Japan, activity is low, and the

outlook is weak," the group said in a statement after the meeting. While the group praised Japan's financial reforms, it cited what it called the opinion of the International Monetary Fund that there is "a strong case for fiscal stimulus to support activity during 1998."

The deputy trade minister, Osamu Watanabe, said the steps the government had already taken would lead to an improvement in the economy.

Separately, Japan moved closer to implementing a 13 trillion yen (\$102.8 billion) capital infusion for its banks, the first of a planned series of steps to bail out indebted lenders and restore confidence in the financial system.

A review board made up of Mr. Matsunaga, the Bank of Japan governor Yasuo Matsushita, a business executive, a lawyer and an academic will decide by Thursday which banks are eligible for the money. They will also determine what conditions the government may attach to the funds.

The Economic Planning Agency, meanwhile, underscored the frailty of Japan's economy, saying that its diffusion index of coincident economic indicators fell below the "boom or bust" level of 50 for a third month in a row in December and probably would stay below that line for January.

(Reuters, AFP, Bloomberg)

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Daiei Predicts Loss As Retail Sales Sag

Compiled by Our Staff From Dispatches

TOKYO — Daiei Inc., Japan's largest supermarket chain, reversed its full-year profit forecast to a loss and said it would reduce its dividend in the face of slow sales and mounting debts.

Daiei's revision comes after the Japanese retailer Jusco Co. on Friday slashed its group net forecast 71 percent. Jusco also blamed slow retail sales, which have declined in Japan for nine straight months.

Daiei will report a parent current or pretax loss of 25 billion yen (\$39.1 million) for the year ending Saturday, down from a forecast on Oct. 15 for a profit of 7 billion yen. That will be the retailer's first parent pretax loss.

In the previous year, it had posted a modest profit of 591 million yen.

"We usually see the highest sales in the three months from December, but this time they dropped, and that hurt the most," said President Isao Nakanchi.

Domestic demand has slackened after an increase in the national consumption tax last April to 5 percent from 3 percent.

For the next business year,

which will end Feb. 28, 1999, Daiei said it expected to return to profit, forecasting a parent current profit of 5 billion yen. It said it hoped to see the profit expand further to 15 billion yen the year afterward.

Daiei, which also runs the chain of Lawson convenience stores, said it would sell 160,000 Lawson shares to four companies for 16.6 billion yen.

That will help cut growing debts that will be worth 690 billion yen by the end of February, said Vice President Jun Nakanchi.

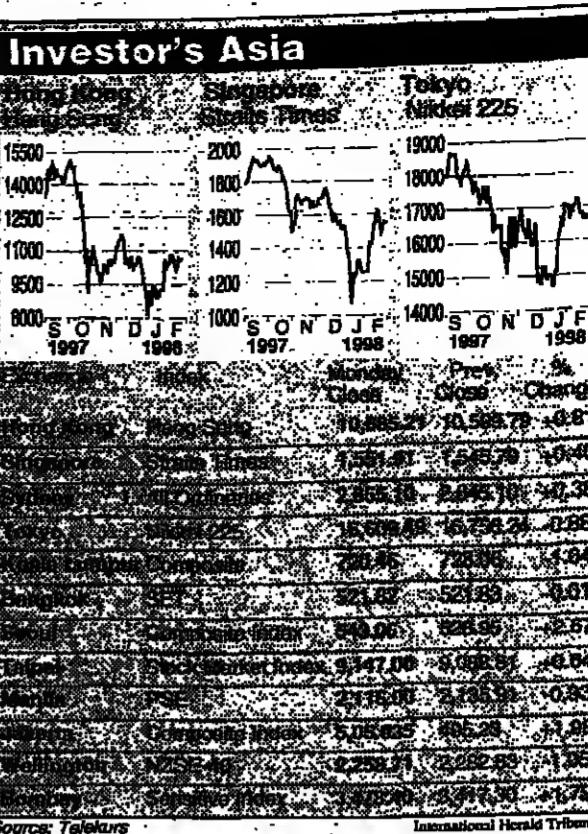
The company will also sell an amusement park in Nara prefecture in western Japan for 15 billion yen, also to pay off debts.

The company will cut its parent dividend to 5 yen per share from 8.25 yen per share.

It will also scale back the number of new stores to between six and seven, from its initial plan of 11, and close down five of its 100 unprofitable stores.

Shares of Daiei, based in Kobe, fell 8 yen to close at 667 Monday. The revision was announced after the market closed.

(Bloomberg, Reuters)



Very briefly:

• Vietnam's trade deficit narrowed last year to \$2.35 billion from \$4 billion in 1996, but the consumer price index rose 2.2 percent in February from January, according to preliminary data. Prices were up 4.5 percent from the year-earlier month.

• Sharp Corp.'s shares fell 4 percent, or 40 yen, to 1,000 after the company, the world's largest maker of liquid-crystal displays, said group net profit for the year through March would be 39.5 percent less than it forecast last November. Sharp expects to post group net profit of 24.5 billion yen (\$191.4 million).

• Kawasaki Steel Corp. was ordered to pay 52 million yen in compensation to the family of an employee who committed suicide, as a court ruled that unreasonable working hours without rest had led him to take his life.

• Toyota Motor Corp. received 6,500 domestic orders for its new Land Cruiser model in the first month after its introduction Jan. 19. Its monthly sales target was 1,500 units.

• DirecTV Inc., a satellite broadcasting venture led by Hughes Electronics Corp. of the United States and Mitsubishi Electric Industrial Co. of Japan, is to add 25 channels to its service starting April 1, raising its number of satellite video channels to 28.

• Forbes & Co., a U.S. family-held company, offered to invest \$519 million in a fisheries project in Pakistan. Lucien Edward Forbes, the chairman, said he had submitted to the government a proposal to develop a port, processing plants, a fleet of fishing trawlers and a shipyard.

• Woolworths Ltd., Australia's largest food retailer, said profit for the six months that ended Jan. 11 rose 12.6 percent, to 175 million Australian dollars (\$117.8 million) from 147.5 million dollars.

• Optus Communications Pty., Australia's second-ranking telecommunications carrier and pay-television company, had first-half operating profit of 41 million dollars, reversing a loss of 63 million dollars a year earlier.

AP, Reuters, Bloomberg

Mitsubishi Electric Considers Quitting Home PC Business

Bloomberg News

TOKYO — Mitsubishi Electric Corp. said Monday it was considering ending its production of desktop personal computers for the home market because the business was "not very profitable."

The company said it would continue making personal computers designed for business use, as well as notebook computers and servers, or computers that run networks.

A published report said Mitsubishi Electric would pull out of the European and Japanese personal-computer markets, bringing an end to Apricot Computers, one of Britain's oldest computer brands. Mitsubishi Electric bought Apricot for \$39 million (\$63.8 million) in 1990.

But a spokesman called that report "misleading," saying Mitsubishi Electric was only considering withdrawing from the consumer desktop PC market.

The spokesman said Mitsubishi Electric was not considering cutting the Apricot line of notebook computers.

KOREA: Trying to Front-Load Reforms

Continued from Page 13

ending a dispute that forced the company to stop almost all production Saturday.

Workers at Mando Machinery Co., which makes components for the top three makers of motor vehicles, canceled a strike called for Monday after the company promised not to lay off workers even though it failed to meet debt payments in December and is looking for foreign investors.

Mr. Kim, who counted on labor for much of his support in his bid for the presidency, has appeared far more likely to clash with the chaebol than with the unions. A sign of his determination to take on the industry giants was his appointment of Kim Tae Dong, a university professor who has frequently criticized the chaebol system, as his economic secretary.

Calling on the chaebol to submit detailed restructuring plans by next week, Mr. Kim has berated the companies for extending their power far beyond their means or ability.

In a statement released by his party, the National Congress for New Politics, the president-elect charged that the chaebol "have infringed on sectors designed for smaller companies, sold products to people at high prices and engaged in speculative real-estate investment."

While owning 50 or so companies, the major chaebol "have failed to produce a single item ranking among the

world's best," Mr. Kim said.

Soon, he said, the chaebol "will be barred by laws" from advancing beyond their core industries to the detriment of small and medium-sized enterprises — and of the economy as a whole.

While reluctant to sell off any of their major companies, the chaebol are cutting back. Hyundai Electronics Industries said Friday that it was selling Symics Logic Corp. to Adeptus Inc., a California company, for \$775 million.

Hyundai, which bought the Colorado company from AT&T Corp. for \$340 million three years ago, plans to invest the money from the sale in an Oregon semiconductor plant, a spokesman said.

Investment Banks to Be Closed

South Korea said it would order several investment banks to shut down this week, a move that analysts said signaled a tough government approach to restructuring the financial industry. Reuters reported.

The Finance Ministry said it would announce Wednesday which banking companies would be shut down, based on a special assessment of the financial status of 20 banks.

Analysts said Nara Banking Corp., Daehan Investment Banking Corp., Hansol Merchant Bank and Central Banking Corp., all of which were suspended in December, were likely to be among those closed down.

JAL Reaches Pact To Cooperate With American Airlines

Bloomberg News

TOKYO — Japan Airlines Co. said Monday it had reached a code-sharing accord with AMR Corp.'s American Airlines Inc. that would enable the two carriers to cut costs and gain greater footholds in one another's region.

The agreement, the first code-sharing accord between a Japanese and an American airline, will expand JAL's access to some U.S. cities and give American Airlines a bigger share of destinations in Asia. American's presence in the region now consists of just three daily flights to Tokyo.

"Code-sharing is a breakthrough for both airlines, especially for U.S. airline companies with limited access to Japan," Ostiko Itazaki at Okasan Economic Research Institute said.

The code-sharing arrangement will enable the airlines to jointly operate some routes and to book passengers on one another's domestic flights, which will give JAL access to some U.S. routes.

American Airlines has said it was looking for a strong Asian partner to help it compete with UAL Corp., United Airlines Inc. and Northwest Airlines Inc., the only two U.S. carriers with broad rights to pick passengers in Japan and fly them to other Asian destinations.

The agreement also could be part of the pending alliance between American and British Airways PLC.

Before the code-sharing agreement was completed, American Airlines said it hoped code-shares with JAL would enable flights to Tokyo from Dallas, Chicago and a service to Tokyo from Dallas. American Air is the largest U.S. airline, now offering three flights a day to Tokyo, each from Dallas, Seattle and Jose, California.

The only U.S. airlines that currently have broad access to Japan are Northwest Airlines, United Airlines and Federal Express Corp.

The agreement comes three weeks after the U.S. and Japanese governments eased flight restrictions between the two countries.

HSBC: Banking Company Sees a Rocky '98

Continued from Page 13

Hongkong Bank group, fell 2 percent when stated in pounds. Like all big banks in Hong Kong, HSBC's operations here, which include its 61 percent-owned Hang Seng Bank, have heavy exposure to mortgage lending. Hang Seng Bank's net profit rose 10 percent, falling short of the consensus forecast of 14 percent made by 32 analysts surveyed by IBES Inc.

Interest rates in Hong Kong have shot up since October, severely reducing the number of new mortgages and driving down property values by 40 percent or more.

"Given the uncertain interest-rate outlook and the slowdown in overall economic activity," said David Eldon, chairman of Hang Seng Bank, "the banking industry faces a difficult environment not seen in many years."

HSBC said its charges for nonperforming or doubtful debts totaled \$615 million, 60 percent more than in 1996. Provisions against bad debts at Hongkong Bank more than tripled, to 4.5 billion Hong Kong dollars.

HSBC also owns Midland Bank in Britain, which turned to be its star performer for 1997. While HSBC received considerable criticism over its acquisition for buying what had been a relatively poor performer in British banking, Midland's profit rose 24 percent last year. Without Midland, HSBC's earnings would have been far worse

Tokyo
Nikkei 225

1998

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Herald Tribune INTERNATIONAL SPORTS

TUESDAY, FEBRUARY 26, 1996

WORLD ROUNDUP



Philippoussis keeping his eye on the ball against Chang.

Mature Philippoussis Ruins Chang's Day

TENNIS Mark Philippoussis, the Australian known for his boomerang serve, says he is taking his tennis more seriously.

He has cut back on his eating, is working harder during practices and is more determined to win each match. The new approach worked Sunday as he beat Michael Chang, the defending champion, 6-3, 6-2, to capture the St. Jude indoor tournament in Memphis, Tennessee.

It was Chang's birthday, and afterward Philippoussis, who said he was now restricting himself to three meals a day, took only a couple bites of Chang's birthday cake.

"I have matured a lot," he said. "I definitely still can mature a lot more. I'm a guy who won't mature fully for another couple years. That's just the way I am." (AP)

Cricketer Killed by Ball

CRICKET Raman Lamba, a former Indian test cricketer, died Monday in Dhaka, Bangladesh, from head injuries after he was struck by a ball while fielding in a club match.

Doctors said Lamba's life-support system was switched off several hours after he was pronounced clinically dead.

Lamba, a 38-year-old batsman, played in four test matches for India. He was hit on the forehead, while fielding at short leg for Dhaka's Ahmadi Club on Friday. He was not wearing a helmet.

Lamba was able to walk to the dressing room. He vomited there, and was then rushed to a clinic and later to Dhaka Postgraduate Medicine and Research Hospital.

A spokesman for Wards Cricketers' Almanack said no player had died from being hit by a ball in first class cricket. But there have been a few deaths in club and youth cricket. A son of King George II of England was killed by a ball in 1751.

Lamba scored 782 runs in 32 one-day internationals at an average of 27.96. In his four tests he scored 102 runs, averaging 20.40, with a top score of 53. (Reuters)

Johnson Wins Big Raise

BASEBALL Charles Johnson, the Florida catcher, won the final salary arbitration case of the year, getting a more than tenfold increase to \$3.3 million, from \$290,000.

During a hearing Friday in Phoenix, the Marlins argued he should be paid \$2.25 million. But in a decision late Saturday, the arbitrators ruled for Johnson.

Johnson's victory left owners with a 5-3 margin in the cases that went to hearings. Seventy-three of the 81 players who filed last month agreed to contracts with their teams before facing arbitrators. (AP)

Bulgaria Borrows Bonus

SOCCER The Bulgarian soccer federation has taken a 1.5 million Deutsche mark (\$822,000) loan from Deutsche Bank to pay a bonus to its soccer squad for qualifying for the World Cup finals.

"We have drawn the credit only because we want to be fair to the players and the trainers and pay them as we have promised," Mihail Kassabov, the federation vice president, said Monday. He said that the loan had been guaranteed by Puma, the sports wear maker and one of the Bulgarian team's sponsors, and that it would be repaid from the federation's share of the World Cup payments. (Reuters)

SCOREBOARD

BASKETBALL

NBA STANDING

EASTERN CONFERENCE

ATLANTIC DIVISION

CENTRAL DIVISION

MIDWEST DIVISION

PACIFIC DIVISION

SWINGERS

RECORDS

REGULAR SEASONS

PLAYOFFS

CONFERENCE

CHAMPIONSHIP

Perfomance: W L Pct

Seattle 37 15 .732

New York 31 22 .565

Atlanta 31 21 .545

Orlando 28 27 .500

Washington 27 28 .491

Philadelphia 25 26 .485

Boston 27 25 .520

Toronto 17 23 .429

Chicago 41 15 .732

Indiana 38 16 .704

Atlanta 37 15 .732

Cleveland 31 25 .574

Milwaukee 29 25 .557

Denver 28 26 .500

Toronto 24 22 .520

Seattle 24 22 .520

Portland 23 22 .500

Phoenix 22 21 .511

Los Angeles 21 20 .500

Utah 27 15 .633

San Antonio 27 15 .633

Memphis 26 16 .625

Atlanta 27 15 .633

Orlando 27 15 .633

Washington 26 16 .625

Phoenix 26 16 .625

Portland 25 15 .625

Phoenix 25 15 .625

Los Angeles 25 15 .625

Utah 25 15 .625

Memphis 24 15 .600

Atlanta 24 15 .600

Portland 24 15 .600

Phoenix 24 15 .600

Utah 24 15 .600

Phoenix 24 15 .600

Portland 24 15 .600

Phoenix 24 15 .600

Utah 24 15 .600

'Survivalist Games' Timed It Just Right

Salt Lake City Has a Hard Act to Emulate

By Mike Penner
Los Angeles Times Service

several restaurants in Nagano City did serve steaming plates of deep-fried grasshoppers during the Games.

The Alpine ski events in Hakuba were hardest hit, the elements forcing dozens of race postponements and six days with no skiing at all.

Organizers had no other option than to backload the Alpine schedule, cramming five races — four medal events — into two days.

The Alpine tripleheader and doubleheaders taxed the skiers and wreaked havoc with media coverage, often forcing reporters to opt for one event over another — Hermann Maier in the men's Super G slalom or Picabo Street in the women's downhill?

If IOC members had done their homework, none of this would have come as a shock. World Cup ski races in Japan are historically problematic and at the 1993 world championships in Morioka, the men's Super G was never held — the only time in the history of the Winter Olympics or the world championships that an Alpine medal event was never held.

Representatives from Salt Lake City were at Sunday's closing ceremony to take the baton, with Tatsuki Tsukada, the mayor of Nagano, symbolically passing the Olympic flag to Mayor Deedee Corradini of Salt Lake City.

Then Salt Lake City was allowed to put on a show, a five-minute presentation designed to "give you a good flavor of how we plan to do things," said Frank Joklik, head of the Salt Lake City Olympic Organizing Committee.

Remarkably, the skiers plowed through the slush and the sleet for several memorable performances, including:

- Maier crashing spectacularly during the men's downhill, walking away and going on to win gold medals in Super G and giant slalom.

- Street's stunning victory in the women's Super G, barely a year after undergoing extensive knee surgery.

<ul style="

TUESDAY, FEBRUARY 24

Orlando Spoils Shaq's Return

Magic Wins, 96-94, on a 3-Pointer

The Associated Press

ORLANDO, Florida — The Orlando Magic have not many magical moments since Shaquille O'Neal left.

With Shaq back in Orlando arena on Sunday, the Magic did one at his expense.

The O-rena rang with jeers for Shaq and erupted in cheers for Nick Anderson, the Magic player who was the most vocal

time in four days and the ninth time in a row.

Allen Iverson scored 33 points for the 76ers, 23 in the second half.

Bucks 79, Cavaliers 71

Glenn Robinson scored 29 points and Ray Allen scored eight of his 20 in the fourth quarter as Milwaukee won at home against Cleveland.

Shawn Kemp had 20 points and 10 rebounds for Cleveland, as the Cavaliers lost their seventh in nine games.

Timberwolves 113, Kings 105

Anthony Peeler scored 16 points in his first game for the Timberwolves.

Sam Mitchell scored 17 points for Minnesota, which had seven players in double figures. Mitch Richmond had 32 points for Sacramento.

Raptors 113, Grizzlies 105

Chauncey Billups scored a career-high 27 points, 10 in overtime, as Toronto beat visiting Vancouver to snap a six-game losing streak.

Billups, traded to the Raptors by the Boston Celtics last week, was 5-of-13 from the field, 4-of-7 from 3-point range and 13-of-16 from the foul line.

Hornets 80, Warriors 82 P.J.

Brown had 20 points and 14 rebounds as Miami overcame a 16-point third-quarter deficit for its seventh straight road victory.

SuperSonics 88, Nuggets 86

as in Seattle, Greg Anthony had a season-high 15 points, including three 3-pointers in the fourth quarter, as the SuperSonics handed Denver its seventh straight loss.

Suns 97, Spurs 79

In Phoenix, Danny Manning and Dennis Scott came off the bench to spark a big fourth quarter for the Suns who won their fifth straight.

Manning had nine of his team-high 17 points in the final period and Scott hit two 3-pointers.

Trail Blazers 121, Celtics 96

Aryudas Sabonis had 23 points, 11 rebounds and 8 assists as the Trail Blazers ruined Kevin Anderson's return to Portland.

The Blazers outscored the road-weary Celtics 24-16 in the second period and led by as much as 19 points in the quarter before blowing out the Celtics in the second half.

Anderson, traded first to Toronto and then to Boston last week, had 14 points and 8 assists in his return to the Rose Garden.

In a game reported in late editions Sunday:

Knicks 92, Rockets 74

In New York, John Starks scored 13 points in a burst at the start of the fourth quarter to carry the Knicks to victory in New York.

Clyde Drexler scored 16 points for Houston.

DENNIS THE MENACE



PEANUTS



GARFIELD



JUMBLE

ZEBAL

BEETLE BAILEY

BLONDIE

FRIENDSHIPS

TRANSIT

SPORTS



Joe Smith of the Philadelphia 76ers leaping for a pass as Chris Mullin of the Indiana Pacers, right, looked on.

Mountaineer Seniors End on a Peak

The Associated Press

West Virginia started five seniors in their final home game, and each scored in double figures as the Mountaineers

climbed one game above .500 in their seventh straight loss.

Duke (25-2) scored most points ever allowed by the Bruins. Duke rose to No.

1, Arizona, the reigning NCAA champion, climbed to No. 2 while North Carolina fell to No. 3. UCLA fell to 18th in the new rankings released Monday.

COLLEGE ROUNDUP

through second half and held on by going 9-10 from the foul line over the final 1:11.

Jarrod West scored 20 points for West Virginia. Donnell Williams scored 19 points for the Pirates (13-13, 7-9).

No. 22 Illinois 79, Iowa 72 Jerry Hester scored 20 points, and the Illini (20-8, 12-3) kept alive their chance at a share of the Big Ten title. Michigan State, with a 13-2 conference record, has clinched at least a share of the regular-season championship. Illinois will be co-champion if it wins at Indiana on Tuesday and Michigan State loses to Purdue on Saturday.

Ricky Davis had 18 points for the visiting Hawkeyes (18-9, 7-7).

No. 25 Temple 56, George Washington 49 Lamont Barnes had 20 points and seven blocked shots for the visiting Owls (19-6, 12-3 Atlantic 10), who beat a ranked team on the road for the third time in February. Temple's defense forced 21 turnovers and held the Colonials to 38 percent shooting.

George Washington lost its fourth straight.

In games reported in late editions Monday:

No. 2 Duke 120, No. 12 UCLA 84 Duke

grabbed the chance to move back in No.

Students Banned From Breakfast Cereal Box

The Associated Press

U.S. women's gymnastics team was

presented by North Carolina's Inss in North Carolina State on Saturday.

Duke (25-2) scored most points ever

allowed by the Bruins. Duke rose to No.

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climbed to No. 2 while North Carolina

fell to No. 3. UCLA fell to 18th in the new rankings released Monday.

Trajan Langdon matched his career-high with 34 points for Duke, which had been No. 1 twice already this season, dropping out following losses to

Michigan and North Carolina.

Elijah Brand, a freshman center, played for the Blue Devils for the first

time since breaking his foot on Dec. 27 and had 14 points and seven rebounds in 16 minutes.

No. 21 Michigan 112, Indiana 64 The

Wolverines (19-8, 9-5 Big Ten) scored

the most points ever allowed by a Hoosiers team coached by Bob Knight.

The loss was the second-worst for

Indiana since Knight took over for the 1971-72 season, just off the 106-56 loss to Minnesota in 1994.

Larry Richardson scored 13 points for

the Hoosiers (18-8, 9-5).

CALVIN AND HOBBES



"THANK YOU THANK YOU! HEY, WHAT A CROWD! YOU LOOK GREAT THIS MORNING... READI, I MEAN THAT! GO ON, GIVE YOURSELF A HAND!"

"YOU KNOW, A FUNNY THING HAPPENED ON THE WAY TO THE LIBRARY YESTERDAY... THIS ISN'T MY FAULT, MISS WORMWOOD!"

WIZARD OF ID



"DO YOU HAVE SOME IDENTIFICATION?"

"I'LL HAVE THE BUSINESSMAN'S LUNCH."

NON SEQUITUR



"YOUR HONOR... I WANT TO ENTER A PLAQUE OF INANITY FOR TAKING THE CASE ON A CONTINGENCY BASIS..."

"MRS. O'FLYNN GOT A VISITOR!"



"SISTER DEAREST, I'M SORRY, BUT I AM GOING TO SUPPORT GROUPS OVER HERE!"



"I SEE YOU'RE MET MARIO, MY PAPER BOY. SOMETHING'S GOING ON WITH THIS!"

"I'LL BE BACK IN A FEW HOURS, BE GOOD!"

"YOU HAVE A LOT OF COOL STUFF, DON'T YOU THINK?"

"SHE'S GOING TO GET MARRIED WHILE I GO TO MY SUPPORT GROUPS OVER HERE!"

"I SEE YOU'RE MET MARIO, MY PAPER BOY. SOMETHING'S GOING ON WITH THIS!"

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ART BUCHWALD

The Stakeout: Live!

WASHINGTON—In order to guarantee every citizen his First Amendment rights, you have to have a "stakeout." A stakeout, which is reserved for the most important news stories, takes place when a large gaggle of photographers, TV producers, news reporters and TV cameramen gather in front of a home, office or hotel, waiting for a leading player in a story to exit or enter. The reporters pray the person will say something within 30 seconds of the evening news.

I speak with authority on stakeouts because I inadvertently became part of one when I checked into the Hotel Regency in New York City—a place where I have been having bed and breakfast for 20 years.

William Ginsburg, Monica Lewinsky's lawyer, was also staying at the hotel. There were four or five dozen media types huddled in vans and Jeeps, waiting for their prey to come out. When they saw me they assumed that I also



was there to see Ginsburg, and so as I exited I was surrounded by reporters. The TV cameras rolled.

"What did he say?"

Since these were my people I didn't want to disappoint them, so I answered, "He's angry as hell, and he is determined Starr is not going to push his client around."

This was raw meat to the stakeout people.

"Did he say anything about Monica's relationship with the president?"

I replied tersely, "I'm not going to deal in hypotheticals, but if you are going to quote me, please refer to me as a deep source who refused to be identified or answer your calls."

□

I wandered off. But after that, every time I went in or out of the Regency I was surrounded by the stakeout team, which was now depending on me to give them the straight dope.

After a few days I started to run out of news. I told them how disgusted Ginsburg was with Starr for calling Monica's mother to the stand. I said, "We will go to the Supreme Court with that one."

"We?" a reporter asked.

"If you were advising Ginsburg, what would you do?"

□

I might have continued my stakeout role for the rest of the week, but Ginsburg screwed me up. He came out of the hotel and started talking to reporters himself. My credibility was also damaged when the reporters discovered Ginsburg was on the 16th floor and I was on the 3d.

But I had my 15 minutes of fame, and that is all anyone in a sex scandal can ask for.

Waigel's Teddy Bear Is Sold for a Cause

Agence France-Presse

NUREMBERG—Finance Minister Theo Waigel's teddy bear fetched 1,200 Deutsche marks (\$665) at an auction in the south German city for child victims of war.

The teddy, showing signs of wear from long before Waigel rose to his position, is a relic of the 1930s.

PEOPLE

DESPITE being one of the most successful members of Her Majesty's Secret Service, at least on film, Sean Connery is not considered worthy of a knighthood because of his political activities, according to a British tabloid. Connery best known for the James Bond movies, is an active supporter of the Scottish Nationalist Party, which advocates independence for Scotland. When his name was put forward for a knighthood in the 1998 New Year's Honors, he was reportedly blackballed by the Labour government's Scottish secretary, Donald Dewar. Connery told the Mail on Sunday that he was "deeply disappointed but strangely not angry or greatly surprised. I have never hidden my political leanings in terms of Scotland from way back." A spokesman for the prime minister's office said: "We never comment on speculation about nominations for honors."

□

Crown Prince Naruhito, celebrating his 38th birthday on Monday, paid

tribute to his wife of almost five years, Princess Masako. "It feels as though the years since our marriage have really flown by," the prince said in a previously recorded news conference.

"I am really happy to have a place where I can relax," said the eldest son of Emperor Akihito. "Somehow she manages to find time in her busy schedule of official duties to cook for me, and it is really delicious." The prince did not comment on the question of an heir, a hot topic in Japan since Naruhito and Masako, who married in June 1993, have no children.

□

James L. Brooks and Mark Andrus, the authors of "As Good as It Gets," received the best original screenplay award by the Writers Guild of America. Brooks also directed the romantic comedy. "L.A. Confidential" won the award for best adapted screenplay, which was written by Brian Helgeland and Curtis Hanson, who also directed the film. . . . "As Good As It Gets" took top acting

honors in the film category of the 12th Annual American Comedy Awards in Los Angeles, with Helen Hunt named the funniest actress in a motion picture and Jack Palance the funniest actor. Jerry Lewis was honored for lifetime achievement.

□

Sir John Mills celebrated his 90th birthday at a glittering dinner, surrounded by 400 friends and his family of actors. Mills and his wife, the novelist Mary Hayley Bell, have three children in show business—the actresses Hayley and Juliet and screenwriter Jonathan. Leading the entertainment lineup at the dinner at a London hotel was Hayley Mills's 24-year-old son, Crispian, a singer with the rock group Kula Shaker. John Mills, who won, among other awards, a supporting actor Oscar in 1971 for his role in "Ryan's Daughter," appeared to be in fine form. Arriving with daughter Juliet, he said he was feeling "on top of the world." He was knighted in 1976.

David McNew/Bettmann

Jerry Lewis at comedy awards.

By Mike Zwerin
International Herald Tribune

PARIS—One sunny afternoon in San Francisco in 1991, Dan Storper was walking to an Indonesian art exhibition when he passed a crowd of happy people listening to a collection of African, Latino, Asian and Caucasian youths playing vigorous, melody-driven dance music.

The band was named Kotaja and a few years later they would release an album on Storper's own record label. Which did not yet exist.

As a student he had worked on a dig in Mexico. Archaeology and cultural anthropology interested him. Now he was traveling to remote places around the globe buying arts and crafts and clothing to import for his six boutiques in the United States. (He sold to others wholesale.) His company, Putumayo, was named after a Colombian river.

If he was in a museum in Bogota and saw an interesting exhibit of handicrafts from a community in the Colombian jungle, he'd study a map and go visit it. Traveling like that, he'd hear lots of indigenous music. So somehow the music of Kotaja in San Francisco stayed in his head. Not only the music, the entire scene became a sort of metaphor for him. Everything that was right in the world.

Back in New York, he walked into one of his shops and heard an in-store cassette playing an unrelenting, speedy assortment of rap, thrash rock and techno music. Personnel and clients alike seemed jumpy. Here he was selling objects from the Andes and the Himalayas, products with the image of clean air and reflection, while at the same time he was aurally polluting his own air. This was something seriously wrong in the world. He had a sort of negative flash. He could do

all—walk out of the Virgin Megastore with \$700 worth of ethnic records and sort them out later at home.

Today, Storper's business cards read "Putumayo World Music." (He has sold all his boutiques except one.) He is "President/Founder." Like Putumayo's album jackets, his calling cards are decorated with idyllic, colorful, "taut-primitive" images of dreamy villages, flowers, birds, smiling faces of many races, people playing musical instruments, dancing, taking a siesta under a benevolent sun. The image it adds up to is perhaps a bit too idealistic, too literal, too close to a sort of hip "have a nice day" sticker. Or "It's morning in the Third World" ("What, me worry?") Tra la la la.

Contrary to their bean-counter, bottom-line-only representation, Storper does not think that the people who run the record business are all in it for the money. At least the World Music business: "People are in it because they love it. I've never found one person in this community who does not love this music." He sends copies of his CDs to businessmen friends, and he is "constantly getting notes from them about how great the music is."

Earlier this year, Putumayo, which employs 20 people in the SoHo district of New York, and has released 14 albums so far, linked up with Touchstone Records, a division of

all—without being watered down. The real authentic music tends to stress unfamiliar scales and weak beats, like 3 1/2, instead of "do" and one. This is what makes it fresh to begin with. Unfamiliar to Western ears, it also makes it difficult. So he has released many easy-listening numbers to begin with.

Although the music may be somewhat more superficial than he likes to think, collecting different music from around the world that soulfully if not stylistically similar is still a very good idea—an idea he's worked exceptionally hard to realize.

He's 46. His customers are, say, between 30 and 50. He considers them "disenfranchised." Turned off by mass-produced product. And the system does not make it easy for them to know where to turn.

Storper believes World Music has a big future. He sees it as the music that will break down the divide between quality and quantity. Had Bob Marley lived longer, he believes, reggae would have made it already happen: "The mainstream is breaking down. Very few pop records now sell over 10 million copies. World Music's time is coming. People really love that music. It cannot remain a secret forever."

Putumayo and the Secrets of World Music

Disney, for distribution in France.

Storper says he has noticed that "Disney people walk out whistling a happy tune after a screening of one of their pictures. Now I'm not a particular fan of McDonald's or other big American corporations, but I do like Disney and the people I meet who are with them. It is good to see a mainstream company saying, 'Maybe we should look at ways to have a better connection to our community... be more environmentally sound.'

With Touchstone, Storper is constructing alternative marketing channels, similar to what he has set up in the United States—selling records through gift shops, chic cafés, travel agencies and tour packages.

Finding ways to get good music to a new audience, helping people discover it, he considers that he is in the happy position of being able to build a strong qualitative case along with a healthy product base. (His successful releases sell in high five- or low six-figure quantities.) Both environmentally and financially sound.

Bear in mind, however, that some of the people Putumayo discovers are not known outside their own valley or off their own island and that music from faraway cultures will not sell Disneyesque numbers without being watered down. The real authentic music tends to stress unfamiliar scales and weak beats, like 3 1/2, instead of "do" and one. This is what makes it fresh to begin with. Unfamiliar to Western ears, it also makes it difficult. So he has released many easy-listening numbers to begin with.

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Windsor Painting Sets Record

Courtesy of Our Staff From Dispatches

NEW YORK—An equine painting of Edward, Prince of Wales, sold Monday for a record \$2.3 million at an auction of memorabilia from the Paris estate of the Duke and Duchess of Windsor.

An unidentified telephone bidder won the spirited competition among about a dozen people bidding in person or by telephone in Sotheby's auction room.

The 1920 canvas by Sir Alfred Munnings depicts the 27-year-old prince in pink coat and top hat astride his chestnut hunter, Forest Witch. It was sold along with other possessions of Edward VIII, the oceania king of England, and the woman for whom he gave up his throne, Wallis Simpson.

The price, including commis-

sion for the auction house,

is a record for a Munnings

artwork and is the highest priced item to date in the nine-day, 18-session sale, a Sotheby's spokesman said. The pre-sale estimate for the painting was \$600,000 to \$800,000.

The first six sessions, through Sunday, generated a total of \$8.9 million, topping Sotheby's estimate of \$7 million for the entire sale.

On Saturday, the 200-year-old desk on which Edward VIII signed his abdication sold for \$415,000, including commis-

sion, to a phone bidder who requested anonymity.

Pamela Kaufman of London, a television producer, purchased a recording of the king's abdication speech for \$3,500, and was approached by — and rejected — three offers for the 78 rpm disk. "It's going back to England," she said.

Kaufman, who produced a documentary on the duke and duchess, "Going, Going, Gone," called the sale "very sad for Great Britain. It's like selling the family silver."

The top-selling items on Sunday were a mahogany dining table in the William and Mary style and an English silver flatware set. Each sold for \$112,500. A New York decorator bought the table, and an American private collector picked up the silver.

The altar cloth used in the marriage of the Duke and Duchess of Windsor at their 1937 wedding sold for \$24,150 on Sunday.

The duke died in 1972; his widow 14 years later. The estate was bought in 1986 by the owner of Harrods, Mohamed al-Fayed. Proceeds will go to the Dodi Fayed International Charitable Foundation, to benefit charities he and Diana, Princess of Wales, supported.

(AP, Reuters)



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